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Reagan, in Talks With Shamir, Signals an End to U.S. Patience With Israel

By Leslie H. Gelb

WASHINGTON — Seventeen months ago, Foreign Minister Yitzhak Shamir of Israel was photographed with a cheerful President Reagan in the White House Oval Office, a pose usually reserved for important visiting heads of state.

On Monday, the two were presented to the world separated by the width of the table in the Cabinet Room, and Mr. Reagan was not smiling.

The difference in the two photographs was meant to convey a thousand words and a single message: The president of the United States is cracking down on Israel over the crisis in West Beirut.

According to White House and State Department officials, the reason for Monday's display in the Cabinet Room and Sunday's re-

mark by Mr. Reagan that he had run out of patience was that his special envoy, Philip C. Habib, had exhausted his own patience with the Israelis.

Over the weekend Mr. Habib sent what officials described as blistering messages, saying he had little or no hope of being able to negotiate with the Israelis.

NEWS ANALYSIS

ate the withdrawal of Palestinian forces from Lebanon as long as Israel kept breaking cease-fire arrangements or responding massively to minor Palestinian violations.

The officials said Mr. Habib made it clear that his position as a negotiator was being undercut and he wanted Mr. Reagan to use his meeting with Mr. Shamir to put a stop to further Israeli military action.

But when it came to why the president made

such a fundamental shift in approach to Israel so suddenly and what threats he is employing to enforce his new line, the explanations raised more questions than they resolved.

The word Monday from most parts of the administration was that Israel was responsible for most of the violations of the nine cease-fires brought about by Mr. Habib. However, at his news conference four days ago, Mr. Reagan stated: "I must remind you it's also been two-way. The PLO has been, and in some instances has been the first, to break the cease-fire."

An official said that things had looked particularly promising in the last few days, and he noted that Mr. Reagan said he was optimistic at his news conference four days ago. On Sunday, Mr. Reagan said that he had "lost patience a long time ago."

From the middle of last week, administra-

tion officials were saying that, while key issues of principle were agreed upon, the important details of withdrawal remained to be negotiated.

Asked what threats or warnings the president or Secretary of State George P. Shultz employed Monday in his meetings with Mr. Shamir, the officials were evasive. One official ventured to say that the intention was to be very tough and specific, but he did not attend the meetings.

An Israeli official said: "Our people didn't come out of the meetings with this impression. The meetings were friendly. We can say the president was firm in what he wanted to say, but there were no threats."

According to this Israeli official, the president said the Israelis should show restraint and that their responses were disproportionate to the violations.

"Maybe," he continued, "there is also a difference in the degree of optimism about diplomacy. The U.S. believes a more quiet front will help Habib. We maintain the cease-fire, but, if it is broken by the PLO, we respond. It is a matter of the credibility of our response."

This official, who was authorized to speak for the traveling Israeli party, also said that there was general agreement "on first things first." This meant, he said, that both sides agreed that the first step is to get the PLO out of West Beirut and then continue with the wider issues of peace, although he admitted that there was no formulated mutual position on this, and he was stating an interpretation.

To listen to U.S. and Israeli officials Monday, it seems they are in fundamental conflict on exactly how to manage the first step of the PLO withdrawal.

The Israelis spoke as if the threat of force

and its occasional use were essential. The U.S. officials spoke as if so much force had been used that the United States was losing its credibility as a negotiator.

Another source close to the talks said Mr. Reagan made clear that he was flatly opposed to an Israeli attack on West Beirut. He said the president was stern in saying this.

At the staging of what are called "photo opportunities" at the White House, this time one photographer was told by a White House aide that the president himself decided to arrange the picture.

On these occasions in the Cabinet Room, the atmosphere is almost always jovial and filled with banter. Monday, those present noted that Mr. Reagan appeared to be going out of his way to look grim.

He hardly spoke to Mr. Shamir. The absence of words was worth a thousand of them.



Israeli soldiers at a checkpoint south of Beirut's airport turning back a convoy carrying United Nations observers.

U.S. Urges Israel to Keep Truce, Hold Off Attack on West Beirut

The Associated Press

WASHINGTON — The United States urged Israel on Tuesday not to attack West Beirut, serving notice that while it could influence events there, "we cannot, ultimately, control them."

"Therefore, it is of great importance that the cease-fire in place be maintained so that negotiations can proceed and that those negotiations move forward on an urgent basis," said Alan Romberg, the State Department deputy spokesman.

Mr. Romberg would not predict whether the United States would end the diplomatic peace mission of Philip C. Habib, the special U.S. envoy, if Israel entered West Beirut to crush the PLO guerrillas in that predominantly Moslem section of the Lebanese capital. But he said that a genuine cease-fire was "essential to our effort" to produce a peace settlement.

[At the United Nations, Secretary-General Javier Pérez de Cuellar said Tuesday that he had ordered UN observers into Beirut without waiting for Israel's response to the Security Council plan for monitoring the cease-fire, Reuters reported.]

[The first group would immediately set up observation posts in territory under Lebanese control, in "consultation" with Lebanese Army authorities, he informed the council.]

On Capitol Hill the Israeli foreign minister, Yitzhak Shamir, told the House Foreign Affairs Committee that Israel regretted the loss of life inflicted by its invasion of Lebanon. He said, however, that he hoped the offensive against the Palestine Liberation Liberation would lead to a widespread Middle East peace.

Mr. Shamir spoke to the House committee minutes after receiving an apparently cold reception from the Senate Foreign Relations Committee. Neither he nor any of the senators on the panel would talk to reporters after their closed session.

In remarks to the House committee before he held a closed session of his own, Mr. Shamir insisted that the main obstacle to a settlement in Beirut was the refusal of the PLO to leave the city.

But he said "we are near a solution" that he hoped would come "in the next few days."

Mr. Shamir said that as a result of the Israeli invasion, "Soviet Russia and their agents — Syria and the PLO — will lose any influence."

That, he said, would have a "tremendous impact" on what would happen in the area. "Everything will be different," he said, mentioning the possibility of peace "with our neighbors and the Palestinian Arab population."

Mr. Shamir declined to comment after the 80-minute closed meeting.

Both the Senate and House committees gave a hostile reception to (Continued on Page 2, Col. 1)



Yitzhak Shamir, the Israeli foreign minister, left, meeting Tuesday in Washington with Sen. Charles H. Percy of Illinois, Republican chairman of the Senate Foreign Relations Committee.

Israelis Turn Back UN Observers, Move Reinforcements Into Beirut

The Associated Press

BEIRUT — Israel turned back United Nations cease-fire observers en route to Beirut and moved reinforcements up to the so-called Green Line dividing the city Tuesday as a reported U.S. evacuation plan was rejected by two top Lebanese leaders.

A Palestine Liberation Organization spokesman reiterated that the guerrillas are ready to leave Beirut as soon as an international peacekeeping force is in place.

A convoy of UN vehicles was stopped Monday at an Israeli checkpoint between Beirut and Damour, a coastal town 10 miles to the south. Israeli press reports said the convoy returned to the UN base near the Israeli border.

Officials in Jerusalem said Prime Minister Menachem Begin's Cabinet would have to decide whether to permit the UN observers to enter the combat zone. Up to now Israel has demanded that the estimated 6,000 to 8,000 PLO fighters in West Beirut leave Lebanon unconditionally.

The U.S. special envoy, Philip C. Habib, proposed a compromise plan Monday for a two-stage evacuation of the PLO and deployment

of a multinational force in West Beirut, the Lebanese newspaper An Nahar said. But a former Lebanese premier, Saeb Salam, and Walid Jumblat, the overall leader of 13 leftist Lebanese militias allied with the PLO, said the plan was unacceptable.

The Lebanese government, meanwhile, said West Beirut had no flour as a result of a nine-day Israeli blockade.

A battle involving tanks, artillery and other weapons continued for several hours a few hundred yards north of the airport. The Israeli command in Tel Aviv said one guerrilla was killed and one Israeli soldier slightly wounded as the PLO sniped and fired bazooka shells intermittently at Israeli troops in the area of the airport and southeast Beirut.

While the Israeli command said its soldiers "are maintaining restraint in the face of repeated violations of the cease-fire by the terrorists," the Israelis moved more tanks, armored personnel carriers and artillery to within 1.2 miles (2 kilometers) of the PLO nerve center in West Beirut.

Dozens of M-60 and Merkava tanks and armored personnel car-

riers were seen taking up positions on the main crossing points into West Beirut along the line that divides the capital into Moslem and Christian sectors.

The reinforcements were seen digging in at the harbor crossing point, the central-city National Museum intersection and adjacent Christian neighborhoods.

The latest cease-fire, which was the ninth since Israel invaded Lebanon June 6, took effect Sunday evening as the UN Security Council passed a resolution calling for an end to hostilities and authorizing a force of observers to monitor the truce.

Mr. Salam, a key intermediary between Mr. Habib and Yasser Arafat, the PLO leader, said the latest evacuation plan called for a PLO withdrawal from frontline positions in and around West Beirut into assembly locations in Palestinian refugee camps in the southern neighborhoods of the Lebanese capital.

A multinational force would then deploy in West Beirut to oversee the evacuation of the PLO either by ships flying Red Cross flags or overland to neighboring Syria.

"Once they withdraw from the front, who guarantees that Israelis won't come forward and take over all the place," said Mr. Salam. "That's the question."

Mr. Jumblat said the new plan brought negotiations for a peaceful settlement of the Beirut crisis "back to square one and I expect this week to be another hot week, heated up by the Israelis."

Saad Sayel, the PLO's chief of staff, was quoted by Lebanon's state television as saying the PLO has enough food and ammunition for six more months despite the Israeli blockade that has cut off water, fuel and electricity to West Beirut.

In Washington, President Reagan on Monday told Foreign Minister Yitzhak Shamir of Israel that there must be a complete end to the fighting to allow Mr. Habib's negotiations to proceed. "The world can no longer accept a situation of constantly escalating violence," Mr. Reagan said.

Farouk Kaddoumi, head of the PLO political department, told the Kuwaiti newspaper Al Qabas on Monday that the guerrillas trapped in West Beirut would not get out unless Israel agreed to an Arab League proposal made last week calling for a lift to the siege, an Israeli pullback from the Beirut area and an international peacekeeping force to guarantee the safety of Palestinians in refugee camps in Lebanon.

White House Presses Plan On Caribbean

By Jonathan Fierbringer

New York Times Service

WASHINGTON — The Reagan administration, in an effort to revive the chances for approval of its \$350-million economic assistance plan for the Caribbean basin, has sent the secretary of state, the treasury secretary and other officials to Capitol Hill to support the proposal.

Secretary of State George P. Shultz, in his first appearance before Congress since his confirmation hearing, told the Senate Finance Committee on Monday that the initiative needed to be approved, to reaffirm the U.S. commitment to Latin America because of the rift caused by the war in the Falklands.

Mr. Shultz said, "Our security and credibility are at stake." "The trade war in the South Atlantic has led some hemisphere friends — mistakenly I believe — to challenge our commitment to them as a partner. We must show them that this is not so."

The Caribbean initiative includes direct aid, reductions in tariffs and some investment incentives. Despite some movement in the House and the Senate, it had slipped from view since it was announced in February and some of its supporters thought it was doomed.

Mr. Shultz, who read his statement, assured the committee that the proposal included enough safeguards to protect U.S. industry from the expected increase in Caribbean exports to the United States because of the planned lower tariffs.

He and other supporters of the proposal said it was aimed at preventing further economic deterioration that could lead to the overthrow of governments in the area.

Mr. Shultz said, "This is the kind of environment upon which the extreme and violent minorities on both sides of the political spectrum can feed and produce major political and social upheavals."

Despite this effort, aides to the Senate Finance Committee are still worried that even if the full Senate approves a bill, it could become bogged down in the House Ways and Means Committee.

The proposal may also need changes to protect some U.S. industries, including footwear, wallet and purse manufacturers, to get through the committee and the Senate.

The tax incentives would reduce revenue by about \$65 million in fiscal 1983, rising to \$81 million in fiscal 1986.

At the same time Monday, the governor of Puerto Rico and the resident commissioner said they supported the Caribbean program, but were concerned about the sharp cut in business breaks for Puerto Rico that is part of the tax bill headed for a House-Senate conference committee this week.

The bill basically eliminates the provision that allows the income of a Puerto Rican subsidiary of a U.S. company to be tax-free.

INSIDE

West Germany's strength and political stability, one of the supports of the post-World War II balance of power between East and West, is now an increasingly uncertain factor. Insights, Page 6.

Defense Department officials said that the Reagan administration was under fire by vocal Congressional opposition to military spending and added that they were close to completing a 1984 military budget calling for about \$247 billion in outlays. Page 3.

President Reagan voiced warm praise of the leaders of the Solidarity movement in Poland and lauded "the ideals, the faith and the heroism of the Polish people." Page 3.

Hughes Is Named To Be Shultz Aide

United Press International

WASHINGTON — President Reagan on Tuesday named John R. Hughes, a 1967 Pulitzer Prize winner in international reporting who has headed the Voice of America since March, to be the State Department's official spokesman.

Mr. Hughes, 52, will succeed Dean Fischer, a former Time magazine staffer who is leaving the post as assistant secretary of state for public affairs following the departure of Alexander M. Haig Jr.

Mr. Hughes was picked by the new secretary of state, George P. Shultz. Mr. Hughes worked for 24 years with the Christian Science Monitor, including nine as editor.

Mr. Hughes was associate director of the International Communication Agency for a year before moving to the Voice of America.

Doctors Said to Agree Hinckley Still a Danger

By Laura M. Gorman

Washington Post Service

WASHINGTON — Doctors who have been evaluating the mental condition of John W. Hinckley Jr. have concluded that he suffers from a severe, chronic mental disorder and remains a danger to himself and to others, particularly the actress Jodie Foster, sources said Monday.

The sources said the doctors determined that symptoms of Mr. Hinckley's illness included a "pattern of fixed, grandiose, homicidal and suicidal ideas" that Mr. Hinckley holds for Miss Foster.

Mr. Hinckley's delusions about Miss Foster are now the "organizing and guiding influence in his life," sources said the doctors found.

Mr. Hinckley has been confined at St. Elizabeth's Hospital, a mental institution in Washington, since a jury decision in June that he was not guilty of attempting to assassinate President Reagan because Mr. Hinckley was legally insane at the time.

The hospital's 18-page report, accompanied by more than 200 pages of medical records, was submitted Monday to Judge Barrington D. Parker of the U.S. District Court, who presided at Mr. Hinckley's trial.

Judge Parker is expected to hold a court hearing Monday at which he will decide whether Mr. Hinckley should be released from St. Elizabeth's or be committed there indefinitely.

Judge Parker has not revealed the contents of the report. It was understood from various sources Monday, however, that the conclusions paralleled the findings of psy-

chiatrists who testified during the Hinckley trial.

According to the sources, all the doctors who evaluated Mr. Hinckley at St. Elizabeth's agree that he suffers from serious mental disorders, including depression and detachment from reality, that his character has not changed since he shot Mr. Reagan and that there is no sign that his delusional tendencies have ceased.

The doctors reportedly said that, in addition to major depression, Mr. Hinckley displays symptoms of four types of personality disorder, primarily schizotypal personality disorder characterized by "magical thinking" and bizarre fantasies.

According to sources, the report contained numerous examples of Mr. Hinckley's "magical" notions about Miss Foster, including his belief that she secretly admires him but is waiting for the publicity about his case to subside before she joins him.

During Mr. Hinckley's trial, prosecution psychiatrists had testified that Mr. Hinckley suffered from various personality disorders when he shot Mr. Reagan on March 31, 1981, but not any that were severe enough to prevent him from abiding by the law.

Although he is legally entitled to the hearing scheduled before Judge Parker next Monday, Mr. Hinckley has said that he might waive that right if the report from the hospital staff was not favorable to his release. No waiver has yet been filed with the court.

Mr. Hinckley is entitled to a hearing every six months at which he could try to prove that he is ready to be released.



One of the rebel Kenyan troops who attempted a coup Sunday stood guard at Nairobi airport. The rebels held 375 passengers and the crew of a South Africa-bound Olympic Airways plane for nine hours before the airport was stormed by troops loyal to President Daniel Arap Moi.

Search for Rebel Units in Nairobi Continues as Moi Surveys Damage

By Alan Cowell

New York Times Service

NAIROBI — Scattered gunshots echoed in Nairobi on Tuesday as police and army units continued a search for rebels following an abortive attempt Sunday to overthrow President Daniel Arap Moi.

But the city appeared to be returning to a semblance of normalcy despite the continuing trauma of the rebellion, which involved low-ranking air force personnel.

Breadlines formed outside looted stores Tuesday; it was a scene that would have been unthinkable a week ago, given Kenya's long-standing reputation for stability and prosperity. Shoppers, fearing food shortages, indulged in panic buying of bread and other items, increasing the likelihood of the scarcities they sought to avoid.

Office workers who arrived on their jobs Tuesday left again for home by midafternoon to avoid being caught out during the 12-hour curfew imposed Sunday night after President Moi's government reasserted its control.

"The open rebellion by the Kenya Air Force will, of course, not be easily forgotten," the daily newspaper, The Nation, said in an editorial Tuesday. "It will leave a permanent scar in the political life of this nation. And things will never be the same again."

Ambiguously, the editorial declared that "an elected government, no matter how corrupt or bad, is in most cases preferable to a military junta."

The instigators of the attempted coup had accused Mr. Moi's administration of corruption and inefficiency.

Government sources quoted by The Nation said 1,000 air force personnel had been detained after the abortive coup. The sources said 300 air force personnel had been detained in Nairobi and the rest in Nanyuki, 125 miles (200 kilometers) to the north, where air force personnel also joined the rebellion.

Mr. Moi, making his first public appearance since the coup attempt, rode through downtown Nairobi on Tuesday in a heavily guarded motorcade, surveying the millions of dollars of damage caused by looters after the coup attempt began.

In a speech, the president accused the rebels of seeking to bring "anarchy and chaos" to Kenya. He also denounced the students who supported the uprising and who Monday were sent home after the university here was closed and troops occupied the campus.

The official death toll from the hostilities stood Tuesday at more than 100 with another 500 injured, some seriously. There was speculation that the final toll could be much higher.

Although the city was slowly returning to normal life, it remained jittery.

Airport officials predicted that the Jomo Kenyatta airport, whose control tower was seized by rebels early Sunday, would reopen Wednesday.

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ARMED TRUCE — Refusing to flee her land, a 70-year-old woman waited with a weapon in a hamlet in West Beirut as the ninth cease-fire of the long Israeli siege silenced the bombardment.

U.S. Appeals to Israel Not to Attack W. Beirut

(Continued from Page 1)

Prime Minister Menachem Begin six weeks ago, when the Lebanese crisis was still in its infancy.

According to congressional observers, support for Israel in Congress since then has eroded further as the death toll in Lebanon has mounted.

Incongruent Viewpoints

After Mr. Shamir met Monday with Mr. Reagan and Secretary of State George F. Shultz, an Israeli source acknowledged that there were differences of view.

The source, who asked not to be identified, said the Reagan administration believed that the negotiational effort being conducted by Mr. Habib could succeed only if there were no military hostilities in West Beirut.

On the other hand, he said, Israeli believed that the departure of the PLO from Beirut would be accelerated if Israel brought a credible military threat to bear on the Palestinians.

"There is no evidence the PLO has really decided to leave Beirut,"

the official said. He emphasized that the United States and Israel both agreed on the need to remove all foreign forces from Lebanon but were not in accord on how to reach that objective.

The official added that Mr. Shamir was told Monday that the United States felt that Israel's devastation of the area in and around Beirut's airport on Sunday was out of proportion to whatever Palestinian provocation there may have been.

The Beirut crisis also touched off an angry exchange between Mr. Reagan and President Leonid I. Brezhnev of the Soviet Union.

According to Tass, Mr. Brezhnev suggested in a letter to Mr. Reagan that the United States was not doing all it could to promote peace in Lebanon.

Traveling aboard Air Force One, Mr. Reagan rejected the charge and said: "We are striving to bring about a lasting cease-fire that will end the suffering."

He said that the Soviet leader's "propagandistic exercise casts doubts on Soviet motives regarding the Lebanese crisis."

McCloskey Denies Arafat Used Him In PLO Statement

Washington Post Service

WASHINGTON — Rep. Paul N. McCloskey Jr., Republican of California, said Monday he had "no apology" for promoting a statement by the Palestine Liberation Organization as recognizing Israel's right to exist, and maintained that the statement represented a "significant breakthrough."

Back from a controversial congressional fact-finding trip to the Middle East, Rep. McCloskey said that "there was no question" that the PLO chairman, Yasser Arafat, wanted to "convey a signal that he was ready to recognize Israel's right to exist."

Rep. McCloskey denied that Mr. Arafat had used him in a publicity play when the PLO leader wanted to "convey a signal that he was ready to recognize Israel's right to exist."

"If we were used in any way it was because the press reacted so strongly," and pressured him for a report immediately on emerging from the meeting with Mr. Arafat, Rep. McCloskey said.

Afghans Try to Bolster An Army Weakened By Losses, Desertions

By Tyler Marshall

NEW DELHI — In an apparent attempt to bolster the depleted ranks of its army, the Soviet-backed regime in Afghanistan has extended the service requirement of some soldiers and recalled an undetermined number of reservists to active duty.

It was not clear how many troops would be affected by the action, which was announced by Kabul radio Monday and monitored in New Delhi.

Afghan analysts believed that the action was required to replace an estimated 10,000 reservists recalled to active duty for 12 months last September.

The Afghan Army, once numbering about 90,000, has been greatly weakened by purges, desertions and casualties sustained in fighting Moslem guerrillas over the last four years.

The Soviet Union has consistently failed in its efforts to rebuild the beleaguered army into a viable fighting force, despite the high priority it has placed on the task.

Its current strength is estimated at between 30,000 to 40,000. The Soviet Union has around 100,000 troops in Afghanistan, according to Western analysts.

Confrontations between combined Afghan-Soviet forces and guerrilla units this summer have been some of the most bitter of the war.

Losses Not Known

Although government forces have claimed some key victories, including penetration of the strategic Panjshir Valley northeast of Kabul, the cost in terms of lives has not been clear.

The present call-up, depending on the number involved, could provide some indication of government losses.

Reports that 2,000 villagers were massacred by Soviet and Afghan troops in Logar Province south of the Afghan capital were backed up Tuesday by Western diplomats who said Communist troops "razed whole areas" of the district, resulting in an undetermined number of casualties, UPI reported from New Delhi.

[Although the diplomats gave no casualty figures, their report coincided with an account by Carl Schomney, a Swedish Foreign Ministry spokesman.]

[He said in Stockholm last week that soldiers swept through six villages in Logar Province in late July

killing all the inhabitants, including women and children.

[Diplomatic reports reaching New Delhi said recent heavy fighting was reported both in Logar and Fara Province on Afghanistan's eastern border.]

According to Monday's announcement, all soldiers and lieutenants now in uniform will be required to serve three years.

Initially, those holding secondary education certificates were required to serve only six months. This was extended last September to one year.

Reservists Recalled

All reservists under age 35 who completed their service before 1978 have been recalled for two years. Other reservists up to age 36 have been recalled for police and noncombat military duty, according to the announcement.

The call-up and extensions follow by a few weeks the regime's first foray into the country's factories to coax young workers into uniform.

Last year, the government concentrated on students, reportedly forcing under-aged youths into service.

Boys of 12 and 13 subsequently surfaced in Pakistan, claiming they had deserted.

The army's draft age, once 22 to 24, is now officially 19 to 35.

Papua New Guinea Elects Premier

United Press International

PORT MORESBY, Papua New Guinea — Michael Somare returned to power Monday as the third prime minister of Papua New Guinea after winning a 66-40 vote on the floor of the National Parliament.

The votes were cast by Parliament members chosen in a June election. Meeting as a Parliament for the first time, 66 members voted to join Mr. Somare's coalition, automatically making him prime minister.

Mr. Somare was sworn in immediately and pledged to end "undignified fighting and juggling for positions among our leaders."

The first prime minister after the nation's 3.25 million Melanesians gained independence from Australia in 1975, Mr. Somare returned to office as leader of a coalition of his Pangu Party and the United Party led by Roy Evans.

Iraq Has Held Against Iran, Hussein Says

The Associated Press

LONDON — President Saddam Hussein of Iraq says that his troops have decisively turned back five Iranian attacks since July 13, a British correspondent reported Tuesday after an interview with Mr. Hussein in Baghdad.

The enemy fanatics are still on Iraqi soil but are confined to a front northeast of Basra, 10 kilometers (6 miles) wide and 2 to 3 kilometers (1 to 2 miles) deep," Mr. Hussein was quoted as saying in the interview carried by The Guardian.

Mr. Hussein called Iran's invasion "a act of naked aggression" and said the Iranian leader, Ayatollah Ruhollah Khomeini, was misled by Iraq's "planned withdrawal" from Iranian territory in June, according to the article.

"This withdrawal filled the sick brain of Khomeini with many glib illusions," Mr. Hussein said. "He imagined we were retreating and thought he could march on into Iraq. Now he knows how wrong he was."

The Iraqi leader said it was "not a coincidence" that Iran had invaded Iraq at about the same moment Israel invaded Lebanon.

'Clear Coordination'

"There is a clear coordination between Iran and the Zionists, who are supplying arms to Khomeini in contravention of agreements with the United States," Mr. Hussein said.

To a suggestion that the Soviet Union seemed to be siding with Iran while the United States was leaning toward Iraq, Mr. Hussein replied that this was an oversimplification but agreed it indicated "the general tendency."

He said Western countries had an interest in preventing the destabilization that would accompany any victory by Ayatollah Khomeini.

Asked about the prospects of restoring diplomatic relations with the United States, which were broken off during the 1967 Arab-Israeli war, Mr. Hussein was quoted as saying:

"Reagan supports the Zionists and has not clarified the U.S. position with Iraq. They will be resumed when we are convinced the U.S. is acting in a balanced way toward the Arab countries."

The Iraqi leader was quoted as saying all Middle East countries were friendly except for Syria, which is supporting Iran. He said it was "a very serious development" that a "member of the Arab family was joining with non-Arabs against another family member."

Python Kills Nevada Child

United Press International

SPARKS, Nev. — A pet python snake broke out of its cage Tuesday and strangled a 21-month-old boy in his bed, the police said.



Passengers caught up when rebels of the Kenyan Air Force took over Nairobi airport Sunday during an attempted coup sat it out for nine hours until they were released by government troops.

Coup Attempt in Kenya Points Up Deeply Rooted Political Passions

By Alan Cowell

New York Times Service

NAIROBI — On Sunday, as the authorities were moving to restore control after an attempted coup, those who ventured into the streets saw rare evidence of the deep passions that appear to be rooted in economic deprivation, political alienation and a violence that is ordinarily held in check.

The attempted coup against Kenya's Western-leaning government by what was officially characterized as a small band of air force rebels brought with it an anarchy that seemed almost dreamlike in this ordered city of high-rise office blocks, modern hotels and public lawns as smooth as billiard tables.

Rampant Looting

But as in the early days of Beirut's civil war the image was belied by the gunfire crackling and echoing through deserted streets, by the widespread looting that broke out and by the thump of army boots on sidewalks more used to tourists' sandals.

The passions evoked by the unsuccessful coup were allowed to run free for several hours when there was no control by government or rebels. The official casualty toll has been put at 90 people killed and up to 500 wounded.

When it seemed as if the coup had succeeded, a segment of Nairobi's poor took to the streets in a manner reminiscent of Lt. Jerry J. Rawlings' first coup in Ghana in 1979. Not used to luxury goods or plentiful food, they looted with vigor, carrying from broken stores everything from stereo sets to food mixes to loaves of bread and cartons of milk.

Many stores that were looted were owned by Kenyan Asians and the violence and thoroughness of the ransacking testified to the hatred borne by the African majority toward this mercantile group. A government statement Monday blamed the students who backed the coup for much of the banditry.

Western Reporter Robbed

Many Kenyans seemed content to wait the outcome of events, but others, predominantly ragged young men and students, put a political interpretation on their anxiety. The catchword of the day became "power," accompanied by a clenched fist salute waved with menace in the direction of those who seemed part of the wealthier sector of Nairobi society.

The message, apparently, was that a revolution was under way to transfer political influence from the wealthy elite and those entrenched in power to those whose emotions had not been previously reflected in Kenya's capitalist-oriented, one-party system.

There was violence, too, not confined to the "revolution." A Western reporter trying to reach an office in town was robbed of his motorcycle and his socks by a

House Approves Production Funds For Neutron Shell

Washington Post Service

WASHINGTON — An administration request for funds to start buying production machinery for an Army 155mm neutron artillery shell, the third and most costly of the new nuclear weapons the Army is seeking, has passed the House without debate and will come before a Senate committee this week.

The House approved the Department of Energy portion of a fiscal 1982 supplemental bill in which funds were provided for the 155mm neutron shell production facilities.

It is the second time this year that the administration has tried to win approval of the 155mm funds from Congress. The Department of Energy, which builds warheads for the Army, first asked permission to shift \$7.5 million of fiscal year 1982 funds to begin purchasing production machinery so the first of a planned 1,000 155mm neutron shells could be ready by late 1986.

Both the House Appropriations Committee and a Senate Appropriations subcommittee rejected that request for various reasons, including the cost of the project.

On Wednesday the Senate Appropriations Committee was to take up the question of the supplemental bill and the advance funding of the neutron shell.

young air force man who also wanted his wallet. The demand was reinforced by an automatic rifle shot inches from the reporter's ear.

That the coup attempt should have happened in Kenya was startling because this east African nation has long cherished an image of prosperity and stability in a

NEWS ANALYSIS

continent generally viewed from outside as one of turmoil and decline.

But the effort to overturn President Daniel Arap Moi had been foreshadowed by omens of discontent.

Last week, students demonstrated in central Nairobi, ostensibly over the way the authorities were handling their grants, but some chose to use the demonstration as a platform for a political statement, insisting publicly that they were Marxists and defying the authorities to detain them.

In recent months, seven people, including four university lecturers, have been detained, the editor-in-chief of a daily newspaper has been dismissed for criticizing the government, and in June, the government transformed Kenya into a one-party state to confront a largely clandestine opposition seeking the establishment of a second political party of Socialist line.

There is also a more fundamental arithmetic: with 15 million people, Kenya is growing at a rate of 4 percent a year, which is one of the world's highest rates, while the

amount of land available for cultivation is limited to about 12 percent of the country. So there is a drift to the cities that creates a disaffected and volatile urban constituency.

Those who took to the streets Sunday shouting "power" seemed to belong mainly to that constituency whose most volatile element is composed of the jobless and the poor.

The rallying call of the attempted coup, broadcast during the rebels' occupation of the state radio, was for the overthrow of what was called a corrupt and dictatorial system and its replacement by a military "redemption council."

The attempted coup also illuminated the government's ability to muster support from the military to suppress disorder, even if for seven or eight hours the government's fate was uncertain.

3 Towns in Philippines Hit in Bomb Attacks

United Press International

DAVAO, Philippines — Suspected Moslem terrorists set off bombs in three southern Philippine towns Tuesday in a series of attacks that wounded 13 persons, military authorities reported.

Authorities said two grenades went off in downtown Davao, a port city 600 miles (960 kilometers) south of Manila, causing minor wounds to five persons. At nearby Digos, eight persons were wounded in a bomb explosion.

WORLD BRIEFS

Thousands Flee After Honshu Storm

TOKYO — Thousands of families left their homes along river valleys threatened by flooding Tuesday following the passage of a typhoon over the main Japanese island of Honshu.

Weathermen have warned that rising rivers could soon burst their banks as rainwater surges out of the mountain valleys into the coastal plains. Rain continued over much of the country Tuesday and more was forecast.

The typhoon is thought to have killed at least 80 people Monday and injured about 120, many buried under tons of landslide debris. The Construction Ministry said preliminary estimates show the typhoon and flooding have already caused about \$5 billion yen (\$137 million) worth of damage to roads and river embankments.

Russian Gives Disarmament Warning

GENEVA — The 20-year-long United Nations disarmament conference opened its 1982 summer session Tuesday with the Soviet negotiator, Viktor I. Isaryan, warning delegates to make dramatic progress or see the talks collapse for good.

He said the 40-nation conference "will suffer the same grievous fate that past disarmament bodies did not escape unless it makes dramatic progress in its work."

Without naming names, the Soviet delegate blamed the lack of any recent agreements on "certain states which do not have the political will for real measures of arms limitation." He said that if other states followed the Soviet Union's example of pledging never to be the first to use nuclear weapons, "the possibility of nuclear war will actually be reduced to naught."

British Ferry Strike Ended by Vote

LONDON — British seamen Tuesday ended a one-day strike against the Sealink ferry company and said they had agreed to look for savings on the loss-making service to the Hook of Holland.

Officials of the National Union of Seamen claimed victory, however, and said the company had agreed not to cut jobs or wages in its attempt to save more than \$1 million (\$1.8 million) yearly on the unprofitable route.

The 400 seamen who operate the service from Harwich voted to accept a peace formula agreed upon by Sealink and union officials. Only two men voted against a return to work. Seamen at Dover and other ports quickly ratified the decision. Sealink, which is owned by the state railroad, said it expected all 4,000 seamen would be back at work quickly.

Fraser to Talk With Chinese Leaders

PEKING — The future of Cambodia and China's relations with the West at a time of Chinese-U.S. tension were top of the agenda for Australian Prime Minister Malcolm Fraser's scheduled talks Wednesday with Chinese leaders, diplomatic sources said Tuesday.

They said Mr. Fraser is likely to face Chinese pressure to back the recently formed anti-Vietnamese coalition between the Khmer Rouge and two non-Communist Cambodian factions, which is led by former head of state Prince Norodom Sihanouk. The diplomats said Australia was pursuing a wait-and-see policy toward the coalition.

Mr. Fraser is also expected to express concern at the deterioration of Chinese-U.S. relations over U.S. arms sales to Taiwan.

Bonn to Press U.S. on Pipeline Ban

BONN — Economics Minister Otto G. Lamsdorff will fly to Washington Friday in a last-ditch attempt to persuade the United States to drop its embargo on the supplying by European firms of equipment for the Soviet gas pipeline.

An Economics Ministry spokesman said Tuesday that one of Mr. Lamsdorff's aims is to seek permission for the West German engineering concern AEG-Kanis to deliver two gas turbines to the Soviet Union for use on the pipeline. But he added that Mr. Lamsdorff will also discuss the whole question of U.S. embargoes against European firms involved in the project.

The spokesman added, however, that a final decision on whether West Germany would break the U.S. embargo would rest with the firm involved.

Compiled From Agency Dispatches

Qadhafi Going Ahead With African Summit

Compiled by Our Staff From Dispatches

TRIPOLI, Libya — The Libyan leader, Col. Moammar Qadhafi, is determined to hold a summit meeting of African leaders later this week regardless of whether it assembles a quorum of the Organization of African Unity, a senior OAU official said Tuesday.

The official said there was virtually no hope that the four-day meeting starting Thursday could achieve the quorum of 34 delegations needed to give it the status of the OAU's annual summit session and to name Col. Qadhafi as OAU chairman for the next 12 months.

Salvador Leftist Rejects U.S. View Of Rights Advance

Los Angeles Times Service

WASHINGTON — Ruben Zamora, a spokesman for El Salvador's leftist insurgents, has challenged the Reagan administration's certification last week of Salvadoran progress in land reform and human rights as justification for continued U.S. aid.

Mr. Zamora, of the Farabundo Martí National Liberation Front-Revolutionary Democratic Front, said at a news conference that since El Salvador's March elections were won by political parties on the far right, land reform has been dealt a "series of mortal blows."

He said followers of Roberto D'Aubuisson, head of the rightist party known as ARENA and president of the new Constituent Assembly, have been appointed to the key Cabinet posts of agriculture, economics and foreign trade; the 1962 constitution has been amended, removing the right to expropriate privately held land, and a decree enabling small farmers to buy land they cultivated has been suspended for four years.

He also claimed that the U.S.-trained Belloso battalion suffered many casualties in retaking the rebel-held town of Perquin in Morazan province, contrary to testimony by the U.S. deputy assistant secretary of defense, Nestor D. Sanchez, to the House Committee on International Affairs last week that U.S.-trained troops are turning the tide for the government.

The meeting is being boycotted by about 20 moderate African countries objecting to the controversial participation of the Polisario guerrilla movement, which is fighting Morocco for control of the Western Sahara.

The official said there was nothing to prevent Col. Qadhafi from presiding over a meeting of like-minded African chiefs of state, but in the absence of a quorum he would have no legal authority over the OAU.

Other OAU sources said that 17 African heads of state or heads of government have indicated that they would attend the Tripoli talks. The sources gave no precise list, but said the leaders of Africa's "progressive" countries including Ethiopia, Angola, Mozambique, Madagascar, Benin, Congo, Mauritius, Seychelles, Ghana and Algeria would undoubtedly take part.

Algeria is the main sanctuary and source of arms and supplies for the Polisario guerrillas.

The first headline leader to arrive was Mozambique's Samora Machel. At a banquet in Mr. Machel's honor Monday night, Col. Qadhafi charged that "the American colonialists have even had recourse to ignominious and scandalous methods in openly corrupting certain African leaders in order that they stay away from the Tripoli summit."

He said that Libya had proof that the United States was bribing African leaders to boycott the meeting, and that "publishing these documents would lead to an enormous scandal."

But Col. Qadhafi said he was "very optimistic for the future of the OAU because there are enough progressive countries in Africa to support it."

Mr. Machel, in reply, called for an extraordinary meeting of the OAU to deal with the South African attacks on southern Angola.

"The regular South African invasions of Angola have come to be considered as something quite normal. Yet they are intolerable, and the OAU has a duty to take action to stop them," Mr. Machel said.

He expressed his gratitude to the Soviet Union and its allies, "imperialist Cuba," for helping to defend the threatened African countries on the periphery of South Africa.



Families and mothers of the 44 children killed in the collision near Beaune, France, during the funeral service.

44 French Victims of Bus Collision Buried After Emotional Ceremony

United Press International

CREPY-EN-VALOIS, France — Mothers of the 44 French children killed in a multiple car and bus collision near here Saturday, fainted, wept and cried out the names of their children Tuesday at a mass funeral service attended by President Francois Mitterrand.

The coffins containing the burned remains of the children were lined up for the service in their hometown's basketball gymnasium, where their parents and 1,000 villagers gathered to mourn the deaths in France's worst traffic accident. The victims ranged in age from 6 to 15.

In a clear effort to dramatize his government's pledge to stem the high French traffic-death rate on national roads, Mr. Mitterrand attended the funeral service at the head of an unusually large number of state representatives.

Accompanying Mr. Mitterrand were Prime Minister Pierre Mauroy, Interior Minister Gaston Defferre, Transport Minister Charles Fiterman, Family Minister Georgina Dufloix and National Assembly President Louis Mennenez.

Mr. Mitterrand, fighting back tears, bowed three times before the row of coffins and then bowed to the mourners.

Only six of the 44 coffins interred in 14 graves in a nearby cemetery bore the name of a child. The other bodies were charred beyond recognition.

Saturday's 10-vehicle road accident, the worst in French history, claimed 53 lives, including seven adults and two other children in a passenger car.

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Reagan Hails Leaders Of Solidarity, Mocks Communist-Bloc Press

By Fred Harris
International Herald Tribune
WASHINGTON — President Reagan, who visited Poland last week, hailed the leaders of the Solidarity movement in Poland and mocked the Communist-Bloc press.

In a speech in Hartford, Conn., that appeared to be one of the most sharply anti-Communist addresses he has made, the president said with irony that as a former actor he was "somewhat sensitive" about the bad press notices he had gotten from the Soviet Union after his comments last month during the Captive Nations Week.

Quoting the Communist Party newspaper Pravda as having termed his remarks "hysterical" and a Polish newspaper as having called them a "cesspool of invective," Mr. Reagan told the Solidarity movement, a Catholic fraternal organization, that what had upset the Communist press most was a quotation he used from Lech Walesa in which the Solidarity leader spoke disparagingly of the Polish authorities.

Mr. Reagan also warned Congress against adopting a nuclear

freeze resolution that would imply to the Soviet Union that the United States would accept fewer reductions than his proposals, which would cut strategic nuclear ballistic warheads by one-third.

The House of Representatives is scheduled this week to take up proposals calling for such a freeze. Mr. Reagan has sought to sidetrack a freeze proposal he said would seriously undercut the U.S. negotiating position in the recessed strategic arms reduction talks with Moscow.

Mr. Reagan declared that this proposed resolution "would leave in place dangerous inequalities in the nuclear balance and would attempt to return us to the flawed SALT-2 agreement."

But a substitute resolution drafted by Rep. William S. Broomfield, Republican of Michigan, and others that endorses the administration's arms reduction approach "would avoid these dangers and, if it is passed, would act as an incentive to persuade the Soviet Union to agree to mutual reductions," Mr. Reagan said.

In his pointed remarks denouncing communism, the president also reiterated his intention to pursue a "forward strategy for freedom" internationally despite sharp criticism from the Soviet Union.

Recalling his comments July 19 during the Captive Nations Week, an annual event mandated by Congress, the president said they had been intended "as a reminder of the suffering of those who live under totalitarian rule and as an expression of our hope that someday all the people of the world will live in freedom."

Mr. Reagan recalled Mr. Walesa's criticism of his country's rulers in a published interview given before his confinement under martial law.

"Our souls contain exactly the contrary of what they wanted. They wanted us not to believe in God, and our churches are full. They wanted us to be materialistic and incapable of sacrifice; we are anti-materialistic, capable of sacrifice. They wanted us to be afraid of the tanks, of the guns, and instead we don't fear them at all."

Addressing his Catholic audience, Mr. Reagan said:

"In these words, I think we find the justification for the importance of the values of family, community and religion and some of the changes we have made in Washington during the last 18 months."

He added that "nowhere in the world is there a more splendid affirmation of this connection between religious values and political freedom than in the ideals, the faith and the heroism of the Polish people and the leaders of Solidarity."



HAMMING IT UP — Instead of kissing babies while on a political trip to the Midwest, President Reagan petted Shank the dog. Mr. Reagan visited Allen Dee's farm in State Center, Iowa. He shed his jacket because of the heat.

Pentagon to Seek 11% Spending Rise in 1984

By Richard Halloran
New York Times Service

WASHINGTON — Senior Defense Department officials say that the Reagan administration is undeterred by congressional opposition to military spending and that they are close to completing a 1984 military budget calling for spending of about \$247 billion.

That would be an 11-percent increase in real growth, excluding inflation, from projected outlays of about \$209 billion in the 1983 military budget now before Congress. With inflation counted in, the new military budget would be about 17.3 percent higher.

That amount would also put military spending back at the level announced last January, the officials said. Since then, President Reagan's budget compromises with Congress have suggested that military spending will dip under the 7-percent average annual increase in real growth that the president has asserted is needed to build up U.S. military strength.

The officials acknowledged, however, that the administration had caused a political problem for itself by failing to consult with congressional leaders before the president's thinking became publicly known. Several members of Congress have made the same point.

Despite the criticism from Capitol Hill, the Defense Department officials noted that the administration got almost everything it asked for in the defense authorization

bill that was approved by the House last week. The bill went to a House-Senate conference Tuesday for ironing out specific differences, a process that will take about two weeks.

Several Reasons Found

The Pentagon officials contended that there were several reasons for the favorable votes in Congress.

They asserted that there was a fundamental belief that the United States must improve its armed forces. Another reason was the re-

luctance of congressmen to cut programs that call for spending money in their districts. A third, the officials suggested, was aggressive testimony, behind-the-scenes telephone calls and breakfast meetings, and other lobbying by administration officials.

Still, the officials said, administration leaders recognize the pressures on individual congressmen to cut military spending because of strains in the economy. "You can feel, like the humidity in Washington, the pressures building up," said a senior official.

U.S. Asserts Russia Ranks First As Arms Supplier to Third World

The Associated Press

WASHINGTON — The Soviet Union, not the United States, is by far the world's largest supplier of arms to the Third World, according to a State Department report released Monday.

The report, based on "conservative" U.S. intelligence estimates, says that over the last 10 years the Soviet Union delivered 74,000 tanks, aircraft, warships, missiles and other major weapons of war to nations in the Middle East, Asia, Latin America and Africa.

That compares with about 44,000 major weapons systems delivered by the United States, the report said.

It depicts the Soviet Union as sharply increasing arms deliveries during the last 10 years. "In some weapons categories, Soviet deliveries have exceeded those of the United States for all or most of the decade," the State Department said.

"In the other categories, the Soviets surpassed U.S. deliveries by the mid-1970s," it said. "Today the Soviets exceed U.S. levels in most weapons categories considered in this report," with the exception of certain types of warships.

The report acknowledges that when arms sales to the Third World are measured by dollar values, the United States is ahead of the Soviet Union by a margin of 2 to 1.

The major reason for this is that well over half the dollar value of U.S. military transfers during this decade consists of construction, training and various other services, not weapons," the department said.

"By providing actual weapons-transfer data for the first time, the new report gives the public a choice of perspectives from which to study this important issue," the department said.

The report said the Near East and South Asia make up the greatest Third World regional arms market. Near Eastern and South Asian nations buy the largest quantities, the greatest variety and

the most sophisticated weapons, it said.

"Over the last decade, the region has received about 85 percent of the surface-to-air missiles, and some 70 percent of the heavy and light armor and the supersonic fighters exported," it said. This was in addition to about half of the artillery, missile-equipped patrol boats and helicopters, the report said.

Most of the nations of the region have a rudimentary arms-producing capacity of their own, with major arms industries in Israel, Egypt and India, the report said.

James L. Buckley, undersecretary of state for security assistance, said the report, the first in an annual series, is intended to dispel "the myth" that the United States is the largest supplier of arms to the developing world.

Panama Chief Says Pan-America Units Should Involve U.S.

The Associated Press

PANAMA CITY — The new president of Panama, Ricardo de la Espriella, has said that all inter-American organizations should include the United States.

His statement contradicted one made by the man he replaced, Aristides Royo, in Venezuela last week to the effect that inter-American organizations, except the Organization of American States, should be made up only of Latin American nations, presumably including Cuba but not the United States.

Mr. De la Espriella took office Friday after Mr. Royo, 42, resigned, citing health reasons. There has been widespread speculation in Panama that he was forced out of office by the military for his increasingly harsh criticism of the Reagan administration and because of growing problems at home.

Mr. De la Espriella dismissed this speculation Monday and insisted that power in Panama is held by the president, not the military. In an apparent attempt to downplay his pro-United States stance, he said, "We have been ample with the United States," but we do not want to be subordinated or enslaved by them."

Polish Party's Paper Assails Solidarity Anew

The Associated Press

WARSAW — The Polish Communist Party daily newspaper Trybuna Ludu on Tuesday renewed its attacks on the Solidarity independent trade union, whose underground leaders last week appealed for new protests against martial law.

Often interpreted as a window on official policy, the newspaper said union extremists were still hostile to the nation and had learned nothing from the military crackdown.

Meanwhile, Solidarity workers in the Gdansk shipyards where the union was born during the 1980 strikes said in a statement Tuesday that their colleagues should avoid "demonstrations and unrest-causing actions."

This appeal is in contrast to last week's statement by key underground union leaders asking for renewed protests during August, culminating with demonstrations on Aug. 31, second anniversary of the settlement of Gdansk's strikes.

In another development, the authorities removed the floral cross on Warsaw's Victory Square Monday night, taking away the symbol of protest for the third successive

day. The cross, marking where Cardinal Stefan Wyszyński's coffin stood during his funeral last year, has been removed by the authorities several times but has been replaced each time by the demonstrators.

The successive removal of the cross each night may indicate that the authorities will no longer tolerate it.

Gen. Wojciech Jaruzelski declared a state of emergency in December and suspended Solidarity, the first independent labor union ever to exist inside the Soviet bloc.

The newspaper's attack suggests that Communist authorities view the 18-month existence of the union as a "closed book." It was the first official comment to appear since last week's call for protests, but it did not seem to be in direct response to the appeal.

Roman Catholic Church leaders, meanwhile, met here Tuesday to assess the situation and possibly draft a response to last week's announcements relaxing martial law.

Church sources said the seven-member governing council of bishops, meeting under Archbishop Jozef Glemp, were discussing the church's situation.

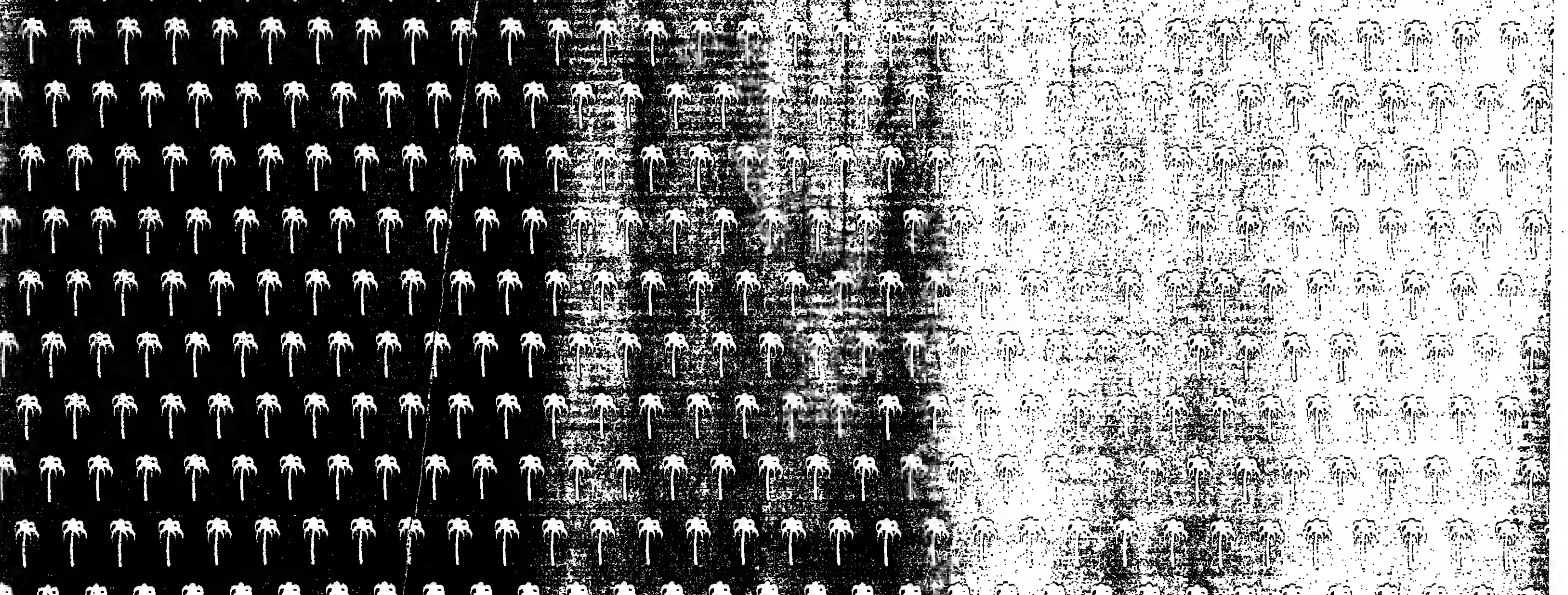
FAO Lowers Forecast For Cereal Production

The Associated Press

ROME — The UN Food and Agricultural Organization lowered its forecast Tuesday for 1982 world cereal output by 5 million tons because of dry weather.

The agency also said there were reports that the Soviet harvest may be lower than expected, but it did not elaborate. The new forecast for 1982-83 is for 1,465 billion tons to 1,585 billion tons.

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Hold Fire on Beirut

From THE WASHINGTON POST

The killing of innocent civilians has gone on too long in West Beirut, and it is time for President Reagan to do what he can about it. Until now, he has indulged the Israeli strategists who launched this war.

This week one could see a photograph summing up the results: a 7-month-old baby had lost both arms and been severely burned when an Israeli jet accidentally hit a Christian residential area in East Beirut during a raid on Palestinian positions to the west.

The PLO, meanwhile, holds out.

The Israelis say that before the siege is lifted, PLO forces must be expelled from Lebanon. Israel asserts a right to keep up the military pressure, notwithstanding the risk to civilians, who are advised to evacuate. But are the Israeli terms to flee or take your chances — any less cynical than the PLO's tactic of fighting from civilian cover so as to give pause both to Israel and to its patron, the United States? The fact is that Israelis are pounding a city. They have had nearly two months to rout the PLO and they have failed. They alone are responsible for the death inflicted by their guns. The Israeli way to end the killing, in brief, mandates more killing.

There is, conceivably, another way: for the United States to alter its policy so as to make ending the bloodshed its first aim.

The Israelis at least are frank about it. They say it is "imperative" to expel the PLO. Mr. Reagan says it is "imperative" for the bloodshed to cease, but so far he has not

shown that he means it. Even while he calls for a lasting cease-fire, he stands by, doing too much more than shifting from foot to foot, while the Israelis shoot up the city. He has let himself be trapped into thinking that it matters which side violated the latest cease-fire, an exercise with no answers and no ending and one that allows the Israeli Army to turn up its firepower any time it pleases.

Mr. Reagan should announce that the United States will use its influence, and as much of it as necessary, to see that Israel stops firing into Beirut. The leading Arab states insist they do not need the Israeli Army's shooting to help them remove the PLO, and they will have to do the job.

No part of the American interest requires Mr. Reagan to save the Begin government from its overextended position in Lebanon, least of all when that makes the United States co-sponsor of a cruel attack on an innocent city. Within Israel, after all, not just the little peace movement but main-line opposition politicians and even some members of Mr. Begin's own coalition have questioned his expansion of the aims of the war beyond the original consensus aim of keeping PLO guns from bombarding northern Israel.

Why should Mr. Reagan be more supportive of the Beirut siege than, say, former Prime Minister Yitzhak Rabin? And if it is really not all that important to Mr. Reagan to halt the bloodshed, then he should drop the pretense and openly shoulder the blame.

Peking Turns Its Back

From THE NEW YORK TIMES

The oes from China is disturbing. A lurch back to dogmatism, propelled by economic troubles and an approaching Communist Party Congress, is straining what was at best a difficult relationship with the United States. President Reagan wasted a year straightening out his attitudes toward Peking. Now the Chinese seem eager to rebuff him.

Reagan has gone about as far as he should in placating Peking on arms sales to Taiwan. He has abandoned his unwise campaign talk about upgrading relations with the Nationalists. He is ready formally to endorse the idea of "one China," a concept on which Communists and Nationalists are agreed. He is prepared to put limits on selling advanced weapons to Peking's idea for a peaceful fusion of the mainland and Taiwan — which is farther than three previous American presidents cared or dared to go.

Yet for all the dismay that these American approaches caused in Taiwan, Peking's recent responses have been stony.

The Communists refuse to accept the sincerity of Reagan's intentions; his offer of American technology in return for an under-

standing on Taiwan was rebuffed as a crude bribe. The resignation of Secretary of State Haig, whom the Chinese knew to be a defender of strategic partnership, seems to have made it even harder for anyone in Peking to champion the American connection. Policy toward the United States may be a factor in Peking's power struggles; an accord on Taiwan may be impossible at this point.

Americans emphatically believe they have a moral obligation to provide Taiwan with defensive arms, as provided in the Taiwan Relations Act and as understood by Peking when a normalization deal was struck with Jimmy Carter. With military sales to Taiwan drastically reduced, the United States at a minimum ought to authorize renewal of the co-production of F-5E jet fighters. But Peking demands an end to all weapons sales, in language so strident as to suggest it prefers the grievance to an accommodation.

The outcry over foreign debts in China has a depressing resonance. So does the call to doctrinal purity, part of an orchestrated attack on capitalist "decadence." Rational diplomacy with China may be an early victim of its next revolution.

Other Editorial Opinion

American Whales in Europe

"Over here and over-borrowed" might be the uncharitable European verdict on the plight of International Harvester, the troubled U.S. multinational maker of trucks, construction equipment and agricultural machinery which unveiled last-ditch plans for a restructuring of its huge debts [last] week.

Massey Ferguson, also well represented in Europe, has already traveled the same uncomfortable path. And it [was] not, for corporate respects, a very cheerful week for its counterparts in Europe. The attempt by IBM to launch a challenge in the British courts against alleged "buy British" public purchasing policies failed to clear the first hurdle. The indigenous British computer manufacturer ICL is naturally delighted. Frenchmen have been similarly pleased at the spectacle of the love-making French subsidiary of International Telephone and Telegraph, the arch-multinational, being knocked down to President Mitterrand's government for a mere \$51 million after a one-sided negotiation. Where is the American challenge now?

In reality the challenge always existed mainly in the eye of the mercantile beholder. True, the United States in the 1960s enjoyed a unique freedom from international constraints in financing its balance of payments deficits. Multinationals were able to buy up European companies on the cheap with an overvalued dollar. But the overvalued dollar and the U.S. balance of payments deficit were the counterparts of undervalued currencies and payments surpluses elsewhere. By taking on the payments burden in the Bretton Woods system, the United States effectively underwrote the export-led postwar recovery of West Germany, France and Japan — which were able to keep their exchange rates undervalued — while contributing to its own economic weakness.

Yet it is not increased European competition which has necessarily been the chief cause of the troubles of those North Ameri-

can companies that are now struggling with an excessive burden of debt. In large measure they are paying the penalty of past management errors. But their difficulties have been aggravated by an economic policy intended simultaneously to bring down inflation and to permit the United States to reassert its power and influence in the world. The dollar is once again overvalued on trading grounds. That reflects not monetary laxity but a combination of fiscal ease, tight money and consequently high real interest rates. The inflationary tide is on the ebb and some large corporate whales have been left high and dry.

— *The Financial Times (London).*

Lawyers After the Crash

A highly publicized major disaster such as the recent crash of a Pan American World Airways jetliner inevitably attracts lawyers looking for big-money claims. Within hours of the tragic crash of Pan Am flight 759, lawyers were on the scene. Louisiana authorities are investigating complaints that at least two lawyers illegally solicited business from families of crash victims. The prospect of a 40- or 50-percent contingency fee in a multimillion-dollar claim is just too great a temptation for some greedy lawyers with no scruples.

For that reason, Pan Am's insurers were justified in telling the victims' families that they will be offered fair compensation for their irreparable losses. The insurers sent letters asking that families withhold lawsuits at least until the insurers have had a chance to make offers. What's wrong with doing that? Each victim's kin are certain to collect damages. The only question is, when and at what expense in time, money actually received, and anguish revived in a trial?

The insurers' request was not improper, simply prudent. And all of the lawyers' howling about the fact that the survivors who listen to the insurers' offer before suing are simply being prudent, too.

— *The Miami Herald.*

Enough of This Horror

By Flora Lewis

Why Israel is opposed. And yet, if Israel's highest goal remains the right not only to exist but to exist in peace, it must sooner or later seek a political settlement with the Palestinians who are in a position to negotiate. It cannot invent or create the bargaining partner of its choice unless, like the Allies in World War II, it can impose unconditional surrender. The siege of Beirut has ruled that out now, and this must be recognized.

The elaborate game of words that has masked Middle East reali-

Their arms cannot open the way. It is time for the United States to move.

ties for so long must be set aside. Yasser Arafat was up to his old tricks in his elusive "almost recognition" of Israel to the over-zealous Rep. Paul McCloskey. There is not a big difference in Foreign Minister Yitzhak Shamir's statement that Israel will "never talk to the terrorist organization, under any circumstances." What if the PLO changes its name to Provisional Government of Palestine?

The facts now are that a comprehensive settlement is much too far away to make it the condition for ending Beirut's calvary. But step-by-step diplomacy on the familiar pattern will not suffice because agreement cannot be reached on which steps must come first.

From these circumstances, the framework emerges for a proposal that the United States could urge on both sides, not only permitting them to save face but moving toward the central issue.

In return for orderly withdrawal of PLO leaders and combatants from Lebanon, the United States

should declare its acceptance that Palestinians have "legitimate national rights," without establishing who represents them or fussing about who recognizes whom in which words. This really does not go beyond Camp David, although the implications of Israel's war in Lebanon and its interpretation of Camp David are that Palestinians outside Israeli rule can only claim to be refugees.

Further, the United States should declare its willingness to recognize and deal with a representative Palestinian group that is prepared to join the Camp David process — thus rejecting Israel's right to veto American diplomacy. This does go beyond the Kissinger pledge requiring PLO recognition of Israel, but it also offers more.

With the direction thus established, short-term guarantees could make it possible to take the initial steps. The PLO needs to be assured that its people can move out safely, without immigration. For that, an international force would be required. It could be organized and supported by the United States without landing American troops. Israeli forces would have to pull back from Beirut.

Assurance is also necessary that Palestinian civilians in Lebanon will be protected. That will not be easy, given the hatred that PLO has inspired among Lebanese. But a solemn pledge from Bashir Ghajjajel's Phalangists, Israel and the Lebanese government, plus an international relief effort for all civilian victims of the war, could establish confidence.

In this way, the United States would be making unilateral declarations that give a political context for immediate measures to stop the bloodshed. It is clear that neither side can bring itself to go as far yet, but they both urgently need to get out of the deadlock. Their arms cannot open the way. It is time for the United States to move.

The New York Times.

Ersatz for Democracy, Post-Solidarity Style

By Dan Fisher

WARSAW — Just as there could be no retreat from socialism, so there would be no reversing the process of reform begun in August, 1980, in the shipyards of Gdansk. Gen. Wojciech Jaruzelski promised a nationwide radio audience last Dec. 13. His declaration of martial law that day was meant not to rule out national agreement, he said, but to make it possible.

More than seven months later the regime is quick to list tribunals, commissions and councils that have been formed and new laws that have been passed — all aimed at "democratization" of Polish life.

The common element in most of these "reforms" is supposedly an effort to broaden society's involvement in decision-making. The authorities say they particularly want to give a greater role to non-party members. The names of some of the new groups recall initiatives originally proposed by Solidarity, the suspended trade union, and its supporters.

In fact, most Poles seem to view these government moves as meaningless camouflage for the extraordinarily limited reform that the government is really prepared to undertake.

"It's all meaningless," grumbled a young Polish woman. "The authorities keep talking about political reform, but it seems they are the ones who lack it the most."

Cosmetics

For National Day, July 22, when many Poles had expected major movement toward a genuine "national agreement," they got instead a few halfhearted, cosmetic changes.

Where the majority wants Solidarity reactivated, they got instead the "Social Coordinating Commission for the Rebirth of Trade Unions."

Where the majority wants more political institutions that will guarantee them real influence on government decisions, they got instead the "Provision-

al Council of the Patriotic Movement for National Rebirth," whose powers are undefined but whose outlines closely resemble those of a predecessor group acknowledged by virtually all to be a sham.

Jaruzelski did announce that more than 1,200 internees had been ordered released, and there were minor modifications of martial law restrictions. But the moves were nonetheless seen as disappointing. "It was an insignificant gesture," said a 45-year-old truck driver.

The authorities "are afraid," added a 40-year-old factory worker. "They are afraid to dissolve Solidarity, but also afraid to lift martial law. Fear paralyzes them." Whether out of fear or some other motive, the leadership is clearly taking a very cautious approach to nonconformity.

For many months, government sources were telling Western acquaintances privately that Jaruzelski really wanted to move faster toward national reconciliation but that he was prevented from doing so by hard-liners in the power structure.

Facts Accomplish

Then in mid-July the man depicted as Jaruzelski's primary hard-line rival was edged aside in the leadership shake-up since martial law. That fueled speculation that at last Jaruzelski would be able to move and that his National Day speech would signal a major government initiative. The church, Solidarity and the government would soon resume their dialogue, many believed.

Instead of negotiating with Solidarity and the church, however, it increasingly appears that the government's strategy is to present those groups with faits accomplis.

The regime in effect defines the structure of "national agreement" with all the new commissions and councils, and invites Solidarity and the church to participate on the condition that they accept the socialist state. If some choose not to join, they can be pointed to as the ones trying to sabotage national agreement.

Stefan Olszowski, Poland's new foreign minister and the "hard-line" moved aside in July, said in a speech last month: "The idea of accord put forward by various Solidarity advisers is no longer valid."

A look at some of the new laws and commissions points up the reasons for all the misgivings. Late last month, for example, came the first meeting of the new "socio-economic council" of Parliament. Both Solidarity and the church had argued for such a body as a check on government economic policy, and some viewed it as the forerunner of a second house in Parliament.

Party Control

But the council that emerged and the one envisioned by its proponents differ markedly. Solidarity wanted the council to have veto power over government economic decisions. Not only does the new group lack veto power, it is not even authorized to make its own proposals, said a parliamentary source. It speaks, in other words, only when spoken to.

Also, in the Solidarity version council members were to be elected. The government version has appointed members. In effect, the shell of the Solidarity proposal was retained, but the council has been gutted of real power. It can advise, but whether anyone listens depends on the whim of the authorities.

Similarly, the law on higher education passed under martial law shows how the authorities are approaching the legal basis of reform. "In essence, the law takes the demands of academic circles during 1981 and clamps party control on them," a Western diplomat said. The bill makes universities self-governing — but the minister of higher education has veto power over rectors elected by the university community.

It was this limited vision of reform on the part of the authorities which exasperated Solidarity negotiators in 1981 and drove them to ever more radical demands, the diplomat commented.

The question is whether seven months of martial law and worsening economic crisis have scaled back Polish society's expectations enough that those modest reforms might look better today. Jaruzelski himself clearly does not want to risk finding out — which is why he said that martial law will last a while longer.

Los Angeles Times.

Sharing Cures for Shared Urban Problems

By Phyllis Myers

WASHINGTON — Americans have always looked longingly at European cities. For much of America's history, the attitude could be characterized as object inferiority. The protection of its natural "crown jewel" in a unique national park system was successfully advocated as the American response to Europe's inimitable cathedrals, grand squares and other architectural treasures.

More recently, Americans have tried to learn from European cities. In a we-can-do-it-too spirit, experts have imported complex planning strategies such as new towns, pedestrian malls and adaptation of historic buildings to contemporary use, as well as related attitudes about sidewalk cafes and street musicians.

Transferable ideas have been sought to make American cities attractive and livable, like those in Europe.

Now European experts are looking to America, too, for ideas. Their cities are also being scarred by the automobile and by oversized, look-alike modern buildings. Their cities are also beset by declining employment and recession. And, while still inspired by Europe's urban successes, Americans have begun to develop some successes of their own.

Here are a few examples: • While the U.S. Congress struggled with a U.S. version of Britain's enterprise-zone program, the British Department of the Environment announced an urban development grant program, openly modeled on the urban development act grant program of the U.S. Department of Housing and Urban Development.

• The Royal Institute of Architects recently sponsored a meeting in London with Baltimore city planning officials to consider the inspirational values of Baltimore's popular, profitable new Harborplace development, which has transformed the city's waterfront with people-oriented activities.

• A number of European planners, including the architect and town planner Pierre Lescor of Belgium's University of Louvain, look favorably at the strength of American community organizations and their active participation in efforts to stem neighborhood decline.

Europe has not always learned from America's mistakes. Some European cities are sprawling. London's

just-opened Barbican — Europe's largest center for the arts — is a monument to urban isolation and self-conscious celebration of culture that one would not have expected from the British. Seeking to define a new life for Scheveningen, the Netherlands' Victorian seaside resort, architects have unattractively "modernized" the Kurhaus Hotel as a casino and built mid-rise condominium towers that block views of the sea.

Some problems on the rise in European cities, while familiar to Americans, are not yet resolvable by looking across the sea in either direction.

They include pervasive unemployment, especially worrisome among newly graduated professionals as well as blue-collar workers; increased numbers of members of minorities clashing with officials accustomed to homogeneity; cutbacks in funds for social services and physical amenities; precipitous declines in central city populations; and consequent abandonment of solid, attractive and historic buildings; involuntary displacement of poor and elderly people by publicly aided gentrification; and obsolescing industry.

All of this is not to say that Euro-

pean cities are still not remarkably intact and pleasurable — a testimony to adaptability over the centuries, despite wrenching change, and a source of good ideas for America.

But American examples of rescue from urban decay — a result of government working with, rather than against, private investors, and collaborating with local interests — are attracting notice, perhaps setting the stage for unaccustomed two-way learning and collaboration.

The writer directs the urban conservation program of The Conservation Foundation. She contributed this comment to *The New York Times*.

Property Title: Pass It to Pimlico

By Thomas Hazlett

FULLERTON, Calif. — The enterprise zone idea is to take the most blighted inner-city areas — the South Bronx in New York is the prototypical example — and designate them for personal and corporate tax breaks and extensive deregulation.

While distrustful of the endorsement of the Reagan administration, liberals see enterprise zones as a way to bring some government help to the poor in these days of Reaganomics, and as a platform onto which traditional welfare programs such as job training and urban renewal can be hoisted and repackaged. The Republican supply-side conspiracy for the zones is created by a desire to substitute corporate charity (simply rewarded with tax breaks) for federal largesse. Incumbent politicians of either stripe see the potential of enterprise zones as political capital to spend in the electoral marketplace.

Sadly, the promise of the fundamental idea lies undiscovered. At their best, enterprise zones are not devices to place poor people into jobs, or ways to direct new consumer supervisors to organize around tax reductions, or a way to bribe business enterprises to take pity on the ghetto. The revolutionary purpose of such zones is to let the poor run their own anti-poverty program.

This can best be accomplished by an unheralded provision tentatively included in the White House proposal: the deeding of most of the proper-

ty in the zones directly to the poor residents living there.

Since the most devastated districts have trivial or negative property values, local governments could easily homestead vacant land and buildings to an association of local residents — perhaps 200 or 300 individuals — that demonstrates the ability and enthusiasm to invest its labor in improving the properties. Vesting a community group with such a proprietary interest in the success of the zones would solve two crucial problems simultaneously.

First, tax and regulatory inducements may lure new businesses to marginal neighborhoods where only moderate social deterioration has set in, but they will be of little motivation in the areas of deepest depression. The Sabre Foundation, a Washington-based research group that has extensively studied international free trade ports and domestic enterprise zones, notes in a report that "the major deterrents to economic recovery in the most devastated inner cities are such problems as high crime, poor services and decrepit infrastructure."

The study goes on to lament the inability of hard-pressed municipal governments to solve these concerns. Yet, if a neighborhood association owned several blocks of real estate, the energies of citizens in the zone

could ignite a community renaissance, with block patrols to fight crime and with repair and maintenance work done by local, often unemployed, citizens. The participants in the association would prosper as they improved the value of the neighborhood.

Second, the ironic fact is that there would be political flak if enterprise zones became too successful. Rising economic activity would push up rents and bump out low-income tenants. By passing property title to such tenants, local dwellers would gain wealth as rents rose. This makes marvelous economic sense.

The fatal hitch of government-run welfare programs is that we limit our ingenuity to those approaches that can be sold to the bureaucrats who administer such programs. By nature, these approaches are conservative and traditional and for good reason. We cannot afford to gamble with public funds. However, the economic sphere demands the risk-taking function if successful innovation is to occur. We must expand our range of possibilities beyond the narrow horizon of government planners.

Take care of the poor by letting them own their enterprise zone. Then get out of the way while the poor take care of themselves.

The writer teaches economics at California State University. He contributed this comment to *The New York Times*.

LETTERS TO THE EDITOR

The Fascist Element

Please heed the word of an American businessman who has been invited between Atlanta and the Middle East for the past two years and maintained an apartment in Beirut since January. The "Christian" Phalangists represent the fascist element in Lebanon. If control is given to these fanatics, expect a government of the World War II Italian variety.

C.N.M. THOMPSON, Atlanta.

Traveler's Poker

Readers planning to visit the United States and who are obliged, as I was recently, to purchase dollars with a weakened European currency may be interested in my experience. On June 25, before departing from Charles de Gaulle Airport, I purchased \$100 at an airport change booth and was charged 700 French francs. Six hours later, at a change booth at John F. Kennedy Airport (Citibank, in the TWA terminal), I was charged 760 francs for the same amount of dollars. The interbank exchange rate for that day, as carried in the International Herald Tribune, was 6.90 francs to the dollar.

In the ensuing two weeks I paid wildly fluctuating rates between these two extremes at different banks or foreign exchange facilities. Fluctuations that did not even begin to be accounted for by the fluctuation in the value of the French franc.

A Yank at Oxford

Regarding "The Yank at Oxford" (1/27, June 21): The article does less than justice to Keith Griffin. Perhaps the writer was preoccupied with Oxford. Keith Griffin is well-known for his important contributions to development economics, especially for tracing the present plight of the underdeveloped countries to the expansion of West European mercantilism and colonialism. His famous assertion that Europe did not discover the underdeveloped world but created it ("Underdevelopment in Spanish America," 1968) is still valid.

More recently his work on rural poverty in developing countries opened the eyes, one hopes, of the international organizations and national policy-makers to the fact that in

the absence of structural reforms such as land redistribution, economic growth benefits only the rich, and the poor are getting poorer. ("Poverty in the Third World: Ugly Facts and Fancy Models," 1978).

No wonder, he is changing the dictatorial customs and traditions at Oxford. He will bring it to the 20th century.

S. RAMAKRISHNAN, Harvard University, Cambridge, Mass.

As an American who on occasion has had the privilege of dining in British colleges, including Magdalen, Oxford, I am out of sympathy with the declared designs of this Yank. Apparently, Dr. Griffin feels compelled to "just shipping out" and breaking down barriers. But it is not possible that barriers may have certain uses? The world over, great institutions are kept alive by certain embellishments of custom. Why all that nonsense about port wine and the passing thereof? You got an opener? Let's have a Coke.

S.C. SHANDOR, Hydra, Greece.

Letters intended for publication should be addressed to the editor and contain the writer's signature, name and address. Brief letters receive priority, and letters may be shortened. We cannot acknowledge all letters, but we value the views of the readers who submit them.

AUG. 4: FROM OUR PAGES 75 AND 50 YEARS AGO

1907: Revivalist Angers Kassel

KASSEL, Germany — At a late hour, police had to interfere to prevent a mob from tarring and feathering an evangelist who for a week past has been conducting revival meetings in the old Kentucky negro camp meeting style. It is said that the evangelist exercised such a powerful influence over his hearers that men and women in their ecstasy rolled on the floor and partly disrobed. The indignation of the citizens was caused by the publication of an interview with a police commissioner who had attended one of the meetings. On their way home some of the followers of the evangelist were attacked. One father whipped his daughter in the open street for participating in the meeting.

1932: Recognize the Kremlin?

PARIS — Today's editorial in the Herald reads: "The most vital international problem confronting the American people, in the thought of many publicists, is the recognition of the Soviet government of Russia. Americans are often hard-pressed for a rational reply to the question as to why ours is the sole great power refusing diplomatic relations with the government that for 15 years has been the de facto ruler of Russia. The acid remarks of liberal U.S. senators who urge recognition appear almost weekly in the press, but our government has insisted that, before recognition is possible, Moscow must cease its subversive activities directed toward the overthrow of our institutions."

JOHN HAY WHITNEY (1904-1982), Chairman

KATHARINE GRAHAM and ARTHUR OCHS SULZBERGER, Co-Chairmen

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ARTS / LEISURE

Arthur Beatty: 'Incredible'

By Michael Zwernin

PARIS — Arthur Beatty was drawing Miles Davis' portrait in the kitchen that doubles as the dressing room of the Village Vanguard in New York when Davis turned up and punched Beatty's sketchbook, altering the line.

"Nobody had ever done anything like that before," Beatty said in a Paris cafe as the waiter and several customers stared at all flashes 7 feet of him in disbelief. "Miles only weighs 140 pounds and I'm 250 so I figured we weren't in the same weight class and I let it slide."

The wide gold bracelet he bought from a freezing artist one winter night in Greenwich Village ("We artists have to stick together"), the insatiable animal-tooth necklace and the colorful African shirt do not exactly help him sneak in anywhere. "If you feel like a king, dress like one," he said, with a roar of a laugh that made the waiter and the customers smile.

With such height, and a good amount of agility, it was hard for Beatty to avoid basketball. He graduated from American University in Washington, where he was an NCAA All-East selection, in 1968. The New York Nets and Phoenix Suns drafted him, but he accepted an offer from the Belgian

pro club Racing Mechelen that included free tuition at the Antwerp Academy of Fine Arts, a car and apartment, and only three games a week, all in Belgium. He could play ball and study painting at the same time.

Audio-Visuals

Beatty now specializes in what he calls "jazz visuals," using musicians as models: "When I'm listening to jazz, it's just about impossible for me not to draw it." His collection includes singer Roberta Flack, drummer Max Roach, trumpeter Dizzy Gillespie, and cellist Aaron Khashtoggi and novelist Harold Robbins.

"I follow the sound as well as the visual representation. If the music has not filled on the handstand, there will be something missing from the drawing too. If the mood is active and omnidirectional, my composition will take on that mood. If it's a ballad, it will have a more open feeling."

"I think it's necessary that someone document jazz musicians in action."

His grandparents moved from Barbados to Brooklyn, where he grew up (he is 35). "West Indians have a real push, a drive to succeed. When I was a kid I had to be in the house by the time the streetlights came on. I did my home-

work and went to bed so I'd be in shape for school the next day. Every one of my nephews and nieces has gone to college. All my cousins play musical instruments. My brother is a geologist. There are four lawyers, two accountants and three Ph.D.s in my family. It starts from the family structure, from respect for your parents. If you don't respect your parents you don't respect anyone."

"I look at my grandfather, who worked in the post office for 35 years. He was a sculptor, a painter, a poet, a newspaper reporter, a ship builder. He played mandolin. If anything went wrong in the house he could fix it. He was a complete man and if I only fill one half of one of his shoes I'll consider myself a success."

Sold on Street

Beatty was invited to Marbella, Spain, for a two-week holiday after his studies in Antwerp. He stayed seven years. He sold paintings and drawings in squares and restaurants, and two local galleries began to handle his work.

Back in New York in 1977, he heard Roland Kirk tell an audience that was whistling with impatience during a long intermission: "You ain't got to whistle at me. I ain't no bitch. See if you can whistle as long as I can blow." Kirk picked up his saxophone and "went out into space a stream of notes as long as the Nile. I still hear that river in my memory."

Beatty developed a friendship with Ed Sinden, who had a gallery on Madison Avenue. Sinden exhibited his work. Terry Phumeri, who played bass with Roberta Flack, gave him a koto, an 13-stringed Japanese zither, six feet long. It fit him physically. He took it home, practiced, and formed a music-for-meditation group with two singers, bamboo flute and percussion that performed at Joseph Papp's Public Theatre and the Third Street Music School.

He produced a mixed-media event called "Wall to Wall Jazz" in a loft. In addition to Beatty, there were four other artists dealing with jazz, one photographer, and two graphic artists. Six hundred people turned up. For an exhibit with the Ellingtonian title "Black Dreams and Beige Fantasies" at the Sinden Gallery, Beatty chose the artists and the paintings, hung the paintings, and sent out the news releases and invitations.

"They said Madison Avenue was the place you had to carve your niche. I did it successfully and figured it was time to go to Europe again. This time I chose Paris."

He arrived last January, and formed another musical group with the dancer Nouchka Naline and Beatty's wife, Elisa Trocne, on clarinet; two months later he presented the group and his paintings at the American Church on



Beatty and his koto.

the Quai d'Orsay: "I came in at 5, huge 40 pictures on the walls. The exhibition began at 7:30, the concert at 8:30; at 10 the pictures were down and at 11 I was back home."

There are exhibitions of his "jazz visuals" at the Ile du Démon Gallery, 13 Rue Bonaparte, in Paris, and at the September Club in Antwerp.

Asked if he was a good businessman, he responded with a proud smile: "Yeah. Oh, yeah. New York conditioned me for that."

"But the real secret to whatever success I've had is consistency. I don't let a day go by that I don't draw or paint. It bothers me that I don't play my koto every day, but that's a full-time job in itself. How much can you lay out? I was taught that each day you have at least 360 different options. You just have to make the best of the options you have."

A few months ago he appeared on the popular French television show "Incredible But True" (Incredible But True). One might wonder how he managed to get so much exposure after only a few months in Paris. He explained, with a New-York-conditioned rebound and a seven-foot laugh: "Because I'm incredible, if I do say so myself."

Centennial 'Parsifal': Grippingly Staged

By James Helme Sutcliffe

BAYREUTH, West Germany — Richard Wagner's last opera, "Parsifal," is unusual not only for its quasi-religious subject matter. It is the only work ever conceived with the explicit and staging possibilities of the Bayreuth Festspielhaus specifically in mind; in this house it had its world premiere on July 26, 1882.

Almost exactly 100 years later, the centennial production of "Parsifal" took place in the same house, the one for which it had been conceived. It was also the longest performance, in actual running time, of an opera condemned by the religious for its religiosity and by the unconverted for its longeurs: just under four hours of music.

Responsible for the musical preparations was James Levine, chief conductor of the Metropolitan Opera, and his first assignment in this stronghold of German cultural nationalism not only continued the broadly arching, ecstatic deliberation of such previous predecessors as Hans Knappertsbusch and Wilhelm Furtwängler, but also seemed to sum them up.

Dreamed-of Precision

In deliberately slow tempos, Levine emphasized instrumental lines that normally disappear in the texture, making the pauses between phrases almost painfully tense, and easing into or attacking the following passages with the kind of precision one dreams of for Wagner's miraculously complex scoring but seldom experiences, not even in the composer's own temple.

The distinguished American baritone Simon Estes, who was the first black male singer to have been assigned a role at Bayreuth (in "The Flying Dutchman," 1977), was entrusted with the crucial role of Amfortas. Although his German is still unadmirably colored, his voice — which sounded too small for the Festspielhaus five years ago — has broadened and deepened significantly, and the intensity of his acting as the wounded guardian of the Grail gave the role an added dimension.

Peter Hofmann, as a youthfully athletic and clarion-voiced Parsifal, must be just about the ideal contemporary casting for the harshly innocent young man whose maturation Hofmann so movingly portrays in Acts 2 and 3. Hans Sotin, a "veteran of Wolfgang Wagner's last 'Parsifal' production, which ran five years, again brings his rich bass and intelligent portrayal to bear on Gurnemanz, the all-wise (and for some, overbearing) father figure. Franz Mazura is the evil magician Klingsor, a role for which he is famous, and

Matti Salminen's resonant tones as Titurel emerge from an unorthodoxly visible ancient kept alive in his grave by the power of the Grail.

But Leonie Rysanek, famous for the application of her soaring soprano to Wagner and Richard Strauss heroines, was out of her depth in the role of Kundry, which has all too few high passages. The rest was an embarrassing attempt to deal with Kundry's low tessitura, with hoity middle notes, raucous chest tones and some ugly parlando effects, coupled with mushy diction and a distortion of vowels that did Rysanek's 31-year reputation at Bayreuth no good.

Even the fiery acting that so often covers vocal mishaps seemed here to be a compendium of clichés, made more embarrassing by the artificial darkening of the voice to match.

The director, Götz Friedrich, and his accomplished designer, Andreas Reinhardt, both of whose theatrical beginnings were in East Germany, provided Bayreuth's centennial "Parsifal" with a staging that impressively retains the devotional atmosphere of the opera without leaning on past models. Partly fixed, the setting seems to place the audience under the transparent floor of the Grail temple. Tree trunks and a distant

cospe, subtly lit from different angles to denote the sun's passage, suggest the woods of the opening scene.

The six Flower Maidens, done up as sexy nightclub hookers, may seem out of place in such mythological surroundings, and they certainly miss Wagner's intended effect of seductive innocence, but their shock effect is tonic. The movement of Friedrich's direction, active and involved, helps give the lie to the work's reputation as boring and proves that "Parsifal" is eminently stageworthy after all. It is an evening of gripping theater that would certainly have pleased its author.

Gill Brings 'Danton' Back to Life

By Sheridan Morley

LONDON — When Jonathan Miller first directed George Büchner's "Danton's Death" for the National Theatre a decade ago, the adaptation was by John Wells and it was set in what appeared to be a doll museum where a series of waxen effigies came fleetingly to life as their speeches allowed. The production also suffered from a bizarre decision to have Christopher Plummer, one of life's natural Robespierres, playing Danton.

Now a new National production, by Peter Gill of the version by Howard Brenton, gets the play about right. This is precisely the kind of production that Gill would have done during his best period at the ood sadly endangered Riverside Studios in Hammersmith, and there can be no higher praise than that.

Construction Problem

The play still has its problems, however, not least in the curiously intractable nature of the construction. Written when Büchner was barely 21, over a five-week period in 1835 when he was 20 the run after failing to ignite minor German revolutions, it is essentially an anatomy of the aftermath of the French Revolution written in the style of "Julius Caesar."

Unlike "Caesar," however, it's a play about the theory and consequences rather than the actuality of revolution, and although its final acts in Gill's production include the most chillingly realistic guillotine I have ever seen in action on a stage, "Danton's Death" is for much of its considerable length a work of play, albeit one rendered by Brenton into a fine series of gritty political debates.

Brian Cox as Danton manages to suggest a revolutionary run somehow to seed and to drink now that the dream of a new France has turned into a nightmare of still more death, while John Normington is a marvelously ashen, tight-

lipped Robespierre. The rest of the casting is a lot shakier, but, across Alison Chitty's bare-board Olivier setting, Gill has managed to choreograph a rule of terror that from its beginning sets up Danton already on the run and Robespierre already advancing on the guillotine, which, we are reminded (in a

brilliant final moment), will shortly claim his neck too.

All in all, it is a production of Gill's usual spare, crisp, chilly clarity and one that does much to rescue the play from the reading room of a theater museum — which is where, I am still inclined to think, it fundamentally belongs.

Buxton Spotlight on Kodály

By Henry Pleasants

BUXTON, England — This Derbyshire spa goes distinction and credit for coining that 1982 marks the centennial not only of Igor Stravinsky and Percy Grainger, but also of Zoltán Kodály, whose fate it was to live rather in the shadow of his more creatively endowed contemporary, Béla Bartók.

The Buxton festival has observed the centennial appropriately and memorably with the first English production of Kodály's music drama "Háry János" (1926), the music of which has long been familiar to concert audiences from the orchestral suite drawn from its rich assortment of lovely, lively Hungarian folk songs and dances.

"Háry János," a theatrical representation of the tall tales spun by a Hungarian Baron Mikóchhausen about his feats in singlehandedly capturing Napoleon and winning the heart of Napoleon's wife, has been thought of as rather like a wine that delights the palate in its native environment but remains essentially unexportable.

Haunting Strains

The Buxton production, in English, may not quite invalidate the comparison, but it is nonetheless thoroughly rewarding if only for the opportunity it provides for savoring those haunting Hungarian strains in the setting, theatrical as well as harmonic, orchestral and choral, provided for them by Kodály.

True, the dialogue does not have the spicy flavor relished by Hungarians when spoken in their native vernacular. But if it often seems a long time between musical numbers, the songs and dances, when they come along, more than compensate for intermittent tedium.

The production, by Malcolm Fraser, is fluent, colorful and often amusing, with Alan Opie in the title role and Cynthia Buchan as his peasant sweetheart doing full justice to the eloquent peasant songs allotted them, and with the Manchester Camerata, under Anthony Hore, giving a zestful account of Kodály's ingeniously orchestrated score.

On balance, Kodály may not have been a great melodist, but he knew great melodies when he heard them, and he knew what to do with them. As he put it, modestly, "They are the pearls — only their setting is mine. I have tried to be worthy of them." He was.

"Háry János," Aug. 5 and 7. A concert performance of Kodály's one-act folk opera "The Transylvanian Spinning Room," Aug. 8.



Beatty "jazz visual": "It's just about impossible not to draw it."

U.S. Attorney General Defends Rights Record

By Sheila Rule

LOS ANGELES — Attorney General William French Smith offered a detailed defense of the Justice Department's civil rights record to the National Urban League on Monday and insisted that the department shared the civil rights organization's goal of equal opportunity for all Americans.

Mr. Smith, who has been sharply denounced by civil rights leaders for what they say is his attempt to dismantle civil rights laws, was greeted with a polite but cool reception by a luncheon audience at the league's annual conference.

In a speech that included details and a defense of the department's activities in such areas as voting rights, employment, public education and housing, Mr. Smith said the Justice Department's civil rights objectives and efforts had sometimes been "mischaracterized."

"There were those, he said, who have chosen to brand a debate over some remedies as a difference over rights."

Mr. Smith acknowledged that the Justice Department had found some governmental means of promoting equal opportunity ineffective and that the department was seeking new ways to ensure equal justice under the law. He stressed

that the department remained a leader in the efforts to achieve equality.

Although civil rights organizations and the Justice Department may at times disagree on the best way to achieve those goals, he said, "in the overwhelming majority of instances our approaches are the same as or very similar to those you advocate."

Of his critics, Mr. Smith said: "They would have us embrace remedies designed to achieve equal group results rather than secure the right of individuals to equal opportunity. They contend that we have abandoned civil rights because we have renounced quotas and busing for racial balance." He continued: "We believe that those remedies deserve the constitutional and statutory guarantees of freedom to participate in our society as an individual regardless of race, religion, sex or ethnic background. The Department of Justice continues to lead the fight for that freedom and for a more just America."

Reviews Rec'd

Reviewing his department's record in the area of civil rights, Mr. Smith said the department was prosecuting about 240 civil rights actions and that, since January, 1981, its activities in investigating and prosecuting those who attempted to deny constitutional rights had exceeded those of every other administration.

On the Voting Rights Act, where civil rights leaders accused the Justice Department of lobbying against its extension, Mr. Smith said the department had reviewed more than 9,000 proposed voting changes to determine whether they violated the act, including legislative reapportionment plans.

He also said the department was taking other action to enforce an amended section of the act that uses a "totality of the circumstances" standard in determining unlawful voting discrimination.

Mr. Smith laid out the administration's positions against employment quotas and busing, positions that have been strongly criticized by the civil rights community.

Mr. Smith said quotas contradicted the principle of individual opportunity and that the department had been criticized for no longer seeking to impose quotas "precisely because we will not seek to have individuals treated as members of some group and marked for different treatment because of their race or sex."

On the issue of busing to achieve racial balance, the attorney general said that, to the contrary, such busing often promoted segregation by encouraging many whites to leave public schools.

How U.S. Senate Stays in Rhyme

A Dose of Poetry Before Anyone May Take the Floor

By Marjorie Hunter

WASHINGTON — More than a century and a half ago, Shelley wrote: "Poets are the unacknowledged legislators of the world."

Shelley, it turns out, was wrong. Every Monday morning, poets succeed in having their say in no less an imposing forum than the floor of the U.S. Senate.

It began Oct. 26 when the Senate Republican leader, Howard H. Baker Jr. of Tennessee, told his colleagues: "Another week comes before the Senate, and I thought that before the onslaught of appropriation bills and other issues that will make the next five days more than hectic, we pause in the thrice of Emily Dickinson and her gift work, 'The Lonely House.'"

I know some lonely houses off the road
A robber'd like the look of.

That was the inaugural of the Senate's Monday Morning Poetry Pause, a hit not only with the senators but with readers of the Congressional Record across the United States.

Sen. Baker, no poet himself, relies heavily on his chief speech writer, Jim Miller, to select poems that set the stage for the coming week or that mark special events. Some are by well-known poets, living or dead; some by talented amateurs.

"We think it's a nice way to start off the week," Mr. Miller said. "It's a kind of bridge between the relaxing weekends and the horrors of the week to come."

"We think it provides a nice change of pace," Sen. Baker said. "A little bit of poetic prose over hurt anyone?"

When the grandson of the Senate Democratic leader, Robert C. Byrd of West Virginia, was killed accidentally that Monday's poem was Richard Henry Stoddard's "Flight of Youth."

In March, as the Senate prepared to debate whether to unseat Harrison A. Williams Jr., the New Jersey Democrat involved in the Abramoff scandal, the selection was Linda Pastan's "Ethics":

In ethics class so many years ago
Our teacher asked this question every fall:
If there was a fire in a museum
which would you save, a Rembrandt painting
or an old woman who hadn't many
years left anyhow?

After the death last spring of Archibald MacLeish, tribute was paid with his own poem, "Ancient Letters":

The wind is east but the hot weather continues
Blue and no clouds, the sound of the leaves thin

On the day after Father's Day, the Monday poem was by the Senate's own poet laureate, William S. Cohen, a Maine Republican. His poem "To Kevin" was written on his son's 17th birthday.

Dreams lay like
dark loam on my mind
And I see you
at seventeen
an echo of my youth,
rippling out, sea waves,
sound swirls, shimmering
golden in the sun.

Some of the poems are sad, some are lyrical. Some are even whimsical, such as a recent entry by John Updike, this year's Pulitzer Prize winner for fiction:

When the grandson of the Senate Democratic leader, Robert C. Byrd of West Virginia, was killed accidentally that Monday's poem was Richard Henry Stoddard's "Flight of Youth."

When the grandson of the Senate Democratic leader, Robert C. Byrd of West Virginia, was killed accidentally that Monday's poem was Richard Henry Stoddard's "Flight of Youth."

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Cathleen Nesbitt, 93, British Actress, Dies

The Associated Press

LONDON — Cathleen Nesbitt, 93, the British character actress whose career spanned 70 years and who played Mrs. Higgins in the original 1957 New York production of "My Fair Lady," died peacefully at home Monday, her family announced Tuesday.

Her roles on stage ranged from Perdita in "The Winter's Tale" to Honor Brady in "The Playboy of the Western World" and Julia in "The Cocktail Party." Her film appearances included "An Affair to Remember," "Three Coins in the Fountain," "Separate Tables" and Hitchcock's "Family Plot."

Her career continued unabated up to a few months before her death. Miss Nesbitt toured the United States last year in the role she created 25 years earlier, that of Rex Harrison's wise and sophisticated mother in "My Fair Lady."

The London Daily Telegraph said: "As a supporting actress she was an asset to any cast that she was called upon to join; she had a great gift of versatility, and her skill was such that the appearance of her name on the program was a

guarantee that a part would be carefully studied and imaginatively played."

Edmond Giscard d'Estaing

PARIS (UPI) — Edmond Giscard d'Estaing, 88, father of former President Valéry Giscard d'Estaing, died Tuesday in his residence in Auvergne province, central France, the family said.

Edmond Giscard d'Estaing was a government official before acquiring a fortune as chairman of a network of businesses, most of them operating in French-speaking Africa.

Nikolai Pilyugin

MOSCOW (AP) — Nikolai Pilyugin, 74, credited with designing

Nimeiri Visits Romania

The Associated Press

BUCHAREST — President Gheorghe Nimeiri of the Sudan arrived here Tuesday on a three-day official visit at the invitation of Romanian President Nicolae Ceausescu.

the control systems for Soviet launch vehicles and space ships, died Monday, Tass reported. The agency said he had been ill but did not list the ailment.

For 20 years Mr. Pilyugin headed the Institute of Mechanics in Moscow and directed research in various fields of science and technology, Tass said.

Veljko Micunovic

BELGRADE (AP) — Veljko Micunovic, 66, a veteran Yugoslav Communist who served as ambassador to the United States and the Soviet Union, died Monday. Mr. Micunovic served as Yugoslavia's ambassador to Washington from 1962 to 1967.

Col. Joseph H. Baugh

COLUMBUS, Ga. (AP) — Col. Joseph H. Baugh, 56, an Army physician who treated President Eisenhower and Gen. Douglas MacArthur before becoming commander of Fort Benning's Martin Army Hospital, died Sunday, apparently of a heart attack.

Senator's Effort to Cut Deduction Is Sobering to 3-Martini Lunchers

By Betty Cuniberti

LOS ANGELES Times Service

WASHINGTON — Thanks to Sen. Robert Dole, one of Washington's most savored traditions, the so-called "three-martini lunch," is in danger of drying up.

Sen. Dole, a Kansas Republican, obtained Senate passage of a surprise amendment that would slice in half the allowable tax deduction for business meals that are eaten in one's own city.

Washington may not be able to stomach it.

Lunch is so important here that one could walk half a block from the White House into the elegant Maison Blanche last week and see an assistant to the president sharing a luscious business lunch with a CBS television correspondent, Lesley Stahl.

The assistant was Elizabeth Dole, Sen. Dole's wife.

"I very, very rarely have a business lunch," Mrs. Dole said gamely, resting her fork on her salad of avocado, hearts of palm, lettuce and tomato. Usually I eat off a tray at my desk.

Miss Stahl added that they were "just gossiping."

Mrs. Dole said that the effect of her husband's amendment will be

that the three-martini lunch "will become a one-and-a-half-martini lunch." But she added that specifics of the bill "are not resolved yet."

Two attorneys from the Los Angeles law firm of Gibson, Dunn & Crutcher (the former employer of Attorney General William French Smith) were doing business at the Maison Blanche with Luther H. Hodges Jr., chairman of the board of the National Bank of Washington.

"It's really very unfair," said John F. Olson of the firm's Washington office, referring to Sen. Dole's proposal, which would allow a full deduction only for those business meals away from the home city.

"They'll just have to move the Maison Blanche to Virginia," Mr. Olson said.

The firm's Washington office is in the same block as the Maison Blanche. "We call it our firm cafeteria," he said.

The lawyers, who picked up the tab and will deduct it as a business expense, said they got more done than they could have at their offices.

Sen. Dole estimates that the new provision would raise \$2.8 billion

in revenues for the government. The National Restaurant Association estimates that it would cost more than 107,000 jobs.

"What will happen," said Mel Krupin, owner of another posh Washington restaurant, which bears his name, "is that companies will think twice about how many people they send to lunch. They might send one person instead of two; they might leave out their secretary."

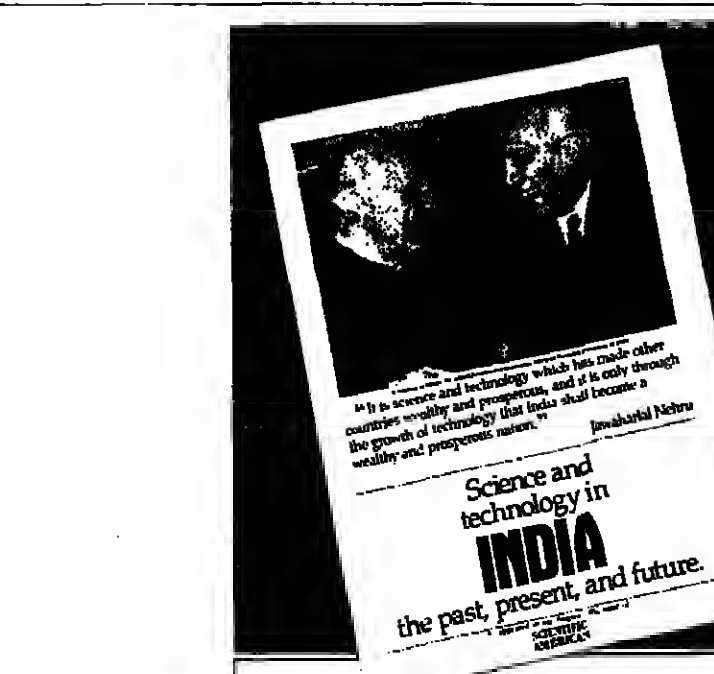
Some observers on Capitol Hill believe that Sen. Dole's amendment will not make it out of a Senate-House conference committee but will be replaced by a law that would crack down on waiters' unreported tips.

"That would be better," said Nick Selimos, manager of the Monocle, a popular restaurant on Capitol Hill. "Otherwise, people are going to lose jobs."

Quake Reported in Tibet

United Press International

KATMANDU, Nepal — An earthquake shook the mountainous region of Tibet to southwestern China on Tuesday, the Nepalese news agency reported.



A SPECIAL ADVERTISING REPORT
IN THE AUGUST ISSUE OF
SCIENTIFIC AMERICAN

INSIGHTS

Uncertainties Diminish West Germany's Sense of Strength, Political Stability

By John Vinocur
New York Times Service

BONN — West Germany's strength and political stability, one of the standard assumptions in the post-World War II balance of power between East and West, is now an increasingly uncertain matter.

The strong economy, the strong parliament, the strong army and the strong labor unions are unmistakably less vigorous, less confident than they were 5, 10 or 20 years ago. The country's involvement with the future of Western Europe has become more hesitant, and Common Market polls show the West Germans of 1982 are the most anxious, the least self-assured and perhaps the most self-involved people in the 10 member countries.

Chancellor Helmut Schmidt, traveling privately in the western United States last week, complained frequently about what he thought were American cliché notions of his country. But the real cliché about West Germany — that it is immune to political adversity and social upheaval, that its future is irrevocably joined to that of the West — are being obliterated by events.

On some days, 37 years after the end of World War II, it appears that a third Germany has developed here alongside the Soviet-dominated German Democratic Republic and the West Germany of the 1960s and 1970s.

"Translator" Role

This third Germany is a country that is losing its sense of tolerance, a place where 79 percent of the adults feel there are too many foreigners around. It is a country that lives well but more so, that talks about its victimization. Its leaders in the last 12 months have spoken of serving as "translators" between the United States and the Soviet Union and of desiring a "security partnership" between Bonn and Moscow.

It is a country where the Green Party, the

political force with the greatest momentum and appeal to young people, questions the worth of the parliamentary system, advocates zero economic growth and likes the idea of defending the homeland with the rough equivalent of guerrilla units.

The signs of change are clear in every aspect of German life but most importantly in the economy, throughout its postwar history West Germany's political stability has been based on its strong economic performance.

That relationship has been undermined. Although still intact in many areas, the West German economy is severely weakened in its structure. It is not just a question of ebbing demand due to a world recession but a situation in which West Germany has lost competitiveness in central areas.

After becoming a diminished presence in the textile, shipbuilding and ball-bearing markets, the country also declined in machine tools, a traditional area of German dominance. In the sectors of highest technological innovation, such as computers and electronics, West German products stand well behind the leaders.

Where West German industrial investment remains constant, it is in labor-saving equipment. The graph describing new product development heads downward. This creates a framework of basic problems that go well beyond current figures that show West Germany has the fastest growing unemployment rate in Europe and a 50-percent rise in bankruptcies and in business collapses in the last year.

Over the last decade, the composition of the economy changed. Although West Germany continues to be associated with capitalist enterprise and private ownership, the fact is that government spending as a percentage of gross national product grew faster here from 1970-81 than in any other major industrialized nation.

For the next decade, the possibilities of full economic recovery are limited. For a

country whose social peace has always been linked to unusual prosperity, this creates a sense of strain and even threat. Mr. Schmidt has pointed this out himself.

The country is not seething with unrest, but the Interior Ministry reported nonetheless that there was a political demonstration that degenerated into violence for almost every day in the year — 357 incidents altogether — last year.

The political changes accompanying the economic changes also confront the standard operating assumptions about postwar West Germany.

At present, the three-party system that has functioned since the birth of the country in 1949 is under siege. According to a poll taken last week by the Allensbach Institute, the most respected German public opinion research organization, the Green Party has become the country's third political force, indicating that the Free Democrats, the Social Democrats' coalition partner, have fallen back to a precarious level.

The poll suggests that a traditionally moderate, Western-oriented element of West German political life, personified by the Free Democratic Party chairman, Foreign Minister Hans-Dietrich Genscher, has been overtaken by a group challenging the country's basic postwar course.

There is a parallel development in Mr. Schmidt's party, which now rates about 31 percent of the vote. For the first time, Mr. Schmidt is being attacked publicly by the Social Democratic left wing. The chancellor, with other party moderates, is in an increasingly isolated position, and the temptation is to make some gesture, perhaps a softening of support for NATO's medium-range missile program, to hold the left from rebellion for the rest of his term.

The same polls show that opposition Christian Democrats hold about 53 percent of the vote. A Christian Democratic government would represent a broad band of mod-

erate opinion but it probably would be confronted with a radicalized opposition of Social Democrats and Greens.

This appears to signify a polarized, constantly tense political environment. Without strong economic recovery and faced by the possibility of violent attempts to block deployment of new U.S. missiles, the Christian Democrats would be attracted to compromise and unwilling to offer the Western alliance much more than a minimal version of the policy outlines established by Mr. Schmidt.

The difficult political prospects are complicated by and reflected in shifts in other previously stable aspects of West German life.

One of the most significant involves the loss of prestige and influence of the labor unions through a series of scandals in which leaders of related organizations were exposed as speculators and profiteers. Closely involved with the West and traditionally supporting a strong West German military, the union leadership has lost much of its moral prestige.

There is no way to measure the effect, but the problems of the unions hindered their efforts to fight the widely acknowledged increase in discrimination against foreigners, particularly the 1.5 million Turks who live largely in the big cities.

Symbolic Quality

The situation has a kind of symbolic quality amid the rest of the fluctuations. Of all the sources of pride in postwar Germany, one of the most genuine had been its success in banishing present-day associations with prejudice that walls are covered with "Turks Out" graffiti and adults tell vicious racist jokes about the Turkish immigrants, there is a sense of lost compassion.

This has had an unpleasant confirmation in a canvass by the Common Market's polling organization that found that Germans regarded human rights and the struggle against misery as less important "great causes for

Europeans" than did any other of the 10 nationalities questioned.

Of all the assumptions West Germany's allies have made about their relationships to Bonn, a central consideration has been the West German involvement in NATO and the excellence of its armed forces. There are no suggestions from the established parties that West Germany ought to turn its back on the alliance, but the country's military effort has slackened.

After two decades of growth, the federal military budget for this year and next, as currently projected, will have little or no growth. Some officers have warned of a loss in effectiveness. Whatever the degree, it is indisputable that the character of the military commitment has changed. The government is willing to trim programs, which would have been difficult to conceive of only a few years ago.

The same kind of problems concern U.S.-German relations. Their quality has deteriorated. Three years ago, the development was denied. Now it is confirmed by the creation, at West German urging, of an intergovernmental commission to improve ties.

The West German press and many West German politicians blame the policies of the Reagan administration for the situation. However, the first serious difficulties, involving conflicting attitudes on the spread of nuclear weapons, then differences in evaluating the Soviet intervention in Afghanistan and Soviet pressure on Poland, occurred while Jimmy Carter was president.

Completely unrelated to pressure from Washington on the European-Soviet gas pipeline deal, West Germany has shown reluctance to take action that would complicate its relationship with the Soviet Union or East Germany. This reluctance was emphasized in the last week after East Germany refused to admit Bernhard Vogel, the minister president of the state of Rhineland-Palatinate, to a private visit.

West Germany has many ways to press East Germany, including extensive credit ar-

rangements, but it responded to the action against Mr. Vogel with only a protest.

For some people, these events were emblematic of two other now vanishing constants in West Germany's postwar development that have survived the rush of change — avoidance of confrontation at any cost and unwillingness to begin a serious debate about its relationship with East Germany and the possibilities of reunification.

None of the changes now taking place appear to have made anyone happier here in a country historically inclined toward pessimism. This trend is confirmed in the Common Market's poll on European attitudes, which showed the West Germans to be more pessimistic than any of their neighbors in 7 of 11 categories, ranging from an increase in dangers coming from medical discoveries to energy shortages and a loss of influence in the world.

Other polls concerning the future offer only contradictions. There are some that show relatively good opinions of the West and the United States, and others, often among young people, that demonstrate interest in finding a middle way between East and West. When chancellors asked last winter if West Germans would welcome reunification with East Germany on the condition of leaving NATO and becoming neutral, 53 percent were in favor. In 1978, only 38 percent liked the idea.

Johannes Gross, one of West Germany's best political essayists, caught the mood of disaffection and dissatisfaction in an essay last year. His view was of a geriatric society, bored with reforms and hollow arguments over school curriculum changes and debates about mandatory tax deductions that support the country's churches.

Although Mr. Gross did not say it directly, he seemed to be suggesting that West Germany was in the right frame of mind for an existential crisis, one that would pose excruciating questions about where it was going.

In many respects, that crisis is already under way.

War Is Political Necessity for Khomeini, Iran's Ex-President Says From Exile

By Meg Bortin

AUVERS-SUR-OISE, France — Shortly before President Abolhasan Bani-Sadr of Iran went underground last year, he vowed never to leave Iran. Just over a month later, on July 29, 1981, the deposed leader emerged from his clandestine life in a dramatic escape, arriving in France aboard a commandeered Iranian Air Force jet with Massoud Rajavi, the leader of Iran's major resistance movement.

Predicting that their exile would be fleeting, the two men began planning a provisional government that they said could restore democracy to Iran after the demise of Ayatollah Ruhollah Khomeini. Today, a row of newly installed prefabricated bungalows for their staff of 40 and a well-tended vegetable garden lend an aura of permanence to their improvised headquarters-in-exile here.

Auvers-sur-Oise, a quiet town outside Paris where Van Gogh and Cezanne once lived, now resembles a fortified village. Several dozen

heavily armed, uniformed officers stand guard around the clock to protect the two political refugees, hostages to their self-imposed exile.

Two thousand miles away in Tehran, the 82-year-old ayatollah remains in power as the spiritual guide of the Islamic republic. Having routed Baghdad's troops, he has launched his own invasion, threatening to export his Shiite revolution to Iraq and press on to Jerusalem. Mr. Rajavi estimates that the regime has imprisoned 40,000 opponents since last summer.

However, the man still referred to by aides as "the president," maintains after a year in exile that the fall of Ayatollah Khomeini is "looming closer." The invasion of Iraq, he says, is essentially geared to keep the country in a state of permanent crisis, diverting Iran's energies from sweeping domestic problems that would otherwise provoke the certain collapse of the Khomeini regime.

"The war is an internal necessity," Mr. Bani-Sadr said in an interview conducted in French without interpreters on the first anniversary of

his arrival in France. "Iran has four million unemployed, the economy is a shambles." He discounted as absurd the idea of the ayatollah seeking \$150 billion in war reparations from Iraq or attempting to seize the Iraqi oil fields around Basra, the site of the war front.

Religious Faith

Rather, he said, Iran's Ramadan offensive toward the waters of the Shatt-al-Arab was designed by the new managerial class of mullahs as a crusade to shore up the credibility of a regime which, in the absence of economic and political coherence, must rely exclusively on religious faith.

"The regime explains that faith brought down the shah, brought down Carter, and can succeed a third time by bringing down Saddam Hussein," he said, referring to the Iraqi president. "If people stopped believing in this, the regime would fall."

Mr. Bani-Sadr, a devout Moslem long considered the spiritual son of Ayatollah Kho-

meini, spent 16 years in France as an opponent of Shah Mohammed Reza Pahlavi and was at the ayatollah's side during his triumphant return to Iran in 1979. Today, he bitterly portrays the aging leader as a man corrupted by power.

Expressing no regret over his own role in developments in Iran, the former president describes himself as a progressive whose plans

The man still referred to by aides as 'the president' maintains after a year in exile that the fall of Ayatollah Khomeini is 'looming closer.' The invasion of Iraq, Mr. Bani-Sadr says, is essentially geared to keep the country in a state of permanent crisis, diverting Iran's energies from sweeping domestic problems that would otherwise provoke the certain collapse of the Khomeini regime. 'The war is an internal necessity,' he says. 'Iran has four million unemployed, the economy is a shambles.'

for economic and agrarian reform have been undone by "the incompetence of the mullahs." During his 17 months in office, Mr. Bani-Sadr repeatedly looked horns with the fundamentalist Islamic Republican Party in a power struggle that ultimately led to his downfall.

With a dry cynicism occasionally broken by the familiar pious smile, he says that the "coup" that deposed him was a maneuver by the mullahs to prevent peace at a time when "Iraq was prepared to withdraw its troops." The prospect of a well-organized Iranian military force returning from the borders to the cities was too threatening to the regime, he said, claiming that Ayatollah Khomeini launched the current drive into Iraq, among other things, "to finish off the army."

The former president, 49, a Paris-trained sociologist who ironically acknowledged that his political career in Iran amounted to "a long parenthesis" between two stays in France, suggested that not just the ayatollah but Washington and Moscow have a stake in maintaining the war.

For the Soviet Union, he said, Iran's home-grown Islamic revolution poses a threat to a nation involved in a lengthy adventure in neighboring Afghanistan and facing problems in its own Asian republics. According to Mr. Bani-Sadr, Moscow has sought to control this danger by brandishing what he described as "the scarecrow of Khomeini — a barbaric, bloody, retrograde regime."

As for the United States, he said, with drastically reduced Iranian and Iraqi petroleum exports and Iranian price cuts, "control of the oil market has fallen completely into the hands of the American companies."

According to Mr. Bani-Sadr, Ayatollah Khomeini's threats to export his revolution to the moderate Gulf countries eased the way for the United States to expand its role as military protector of the region, extend its naval facilities in the area and reinforce "the Cairo-Riyadh axis."

He said the lack of a unified Arab response to the Israeli invasion of Lebanon was linked to the Iran-Iraq war, which has increased tensions in the Arab world and undermined the Arab Solidarity Front to the benefit of Israel and the United States.

Mr. Bani-Sadr first charged last August that Israel was supplying military supplies to Iran, a claim that has since been confirmed by Defense Minister Ariel Sharon of Israel.

Brutal Repression

Attributing the sales to Israel's long-standing enmity toward Iraq, Mr. Bani-Sadr said that the estimated \$120 million in U.S.-made spare parts and munitions supplied by Israel have enabled Iran to revitalize its helicopter fleet and other military equipment supplied to the shah's regime by the United States. He claimed that the Reagan administration, maintaining silence on the Israeli sales, has also been funneling weapons to Iran indirectly through West Germany and South Korea. "Not for an Iranian victory, in my opinion, but to keep up a war of attrition."

Mr. Rajavi, the partner-in-exile and leader of the Mujaheddin Khalq guerrilla movement, spoke English in his interview as he described this international support as one of two factors keeping the Khomeini regime in power.

The other, he said, is a wave of repression so brutal that it has intimidated the former revolutionary masses of Iran into silence.

"We did not know how to do this through human rights," he said. "We had the experience of repression under the shah, jail and torture. But can you find another regime which orders the execution of 9-year-old girls?"

He said that the regime had begun drawing blood from its victims before their execution and sending the plasma to the war front, where he said 200,000 Iranians had died since the start of the conflict 23 months ago.

"Even children have been mobilized," he said, referring to recent reports that squads of Iranian teen-agers had been used to clear minefields. "They are made to do this through pressure and deception. According to our religion, the 12th Imam is absent. I have documents showing that they get someone to dress up like the Imam, sitting on a white horse with a saber, who comes to the front to convince the rural, religious people to fight."

Mr. Rajavi, 34, who spent eight years in prison under the shah and arranged the escape from Iran last summer, said that in the past year more than 15,000 Iranians had been executed or shot in the streets by Tehran's "suppressive agents." He attributed the difference between these figures and a three-year execution toll of 4,100 published by Amnesty International to the fact that Iran, under international pressure over its human rights record, has simply stopped publishing lists of those executed.

An articulate and determined man, Mr. Rajavi denied that the killings and imprisonments had crushed the resistance. The Mujaheddin leadership is intact, he said, with only one loss: Mousa Khiaabani, the deputy chief, shot dead in an attack in February that also killed Mr. Rajavi's wife.

By their own admission, Khomeini's regime lost more than 2,000 leading political and religious figures and supporters over the past year," he said.

Tactically, Mr. Rajavi said, the resistance has entered a second phase after last year's wave of attacks on the Iranian leadership, described as the "political head" of the country. The campaign is less visible now, he said, because it is aimed at the "political body" — the Pasdaran, Ayatollah Khomeini's paramilitary force. Mr. Rajavi said these are "the people who are directly responsible for capturing innocent people, for execution and torture."

While he said that the Mujaheddin received no foreign financial assistance, he said the resistance had begun making contact with some Arab governments and predicted that with the invasion of Iraq, Arab leaders who have kept silent on Iran would start to speak out.

Meanwhile, with deepening divisions within the Iranian leadership reportedly responsible for last week's Cabinet reshuffle, Mr. Rajavi said, "the crisis has moved inside the regime."

Mr. Bani-Sadr said opposition was so widespread that discord had penetrated even the

inner sanctum of the fundamentalist hierarchy. He said the attempt by the regime to implicate Iran's No. 2 ayatollah, Kazem Shariatmadari, in an alleged plot against Ayatollah Khomeini was designed as a warning to the rest of the clergy to toe the government line.

"Ninety percent of the mullahs are against Khomeini," he said, comparing this to the first stirrings of revolt among the shah's generals.

'Even children have been mobilized,' Mr. Rajavi said, referring to reports that Iranian teen-agers have been used to clear mine fields on the battleground separating the two armies. 'They are made to do this through pressure and deception. According to our religion, the 12th Imam is absent. I have documents showing that they get someone to dress up like the Imam, sitting on a white horse with a saber, who comes to the front to convince the rural, religious people to fight.'

which foreshadowed the end of the imperial regime.

Mr. Bani-Sadr says he believes that he is still regarded as a threat, citing the arrest last month by the French authorities of a young Iranian on a flight from Tehran. The man, carrying a suitcase loaded with four pounds of explosives, later was said to have confessed that God had commanded him to assassinate the former president.

Describing himself as a representative of hope for the future, Mr. Bani-Sadr says he has agreed to resume the presidency of Iran during a six-month provisional period, with Mr. Rajavi, his former rival, as premier if and when Ayatollah Khomeini falls.

In their strange partnership, the guerrilla chief clearly represents the muscle behind their National Resistance Council and appears less personally embittered than Mr. Bani-Sadr about the events that forced their flight.

Retaining a sense of urgency not apparent in the former president, Mr. Rajavi hinted that he may soon return to Iran.

"My task and my art is to isolate Khomeini, internally and internationally," he said. "Our organization must calculate about sending me back to the country. And there may be some plans ... you will see."

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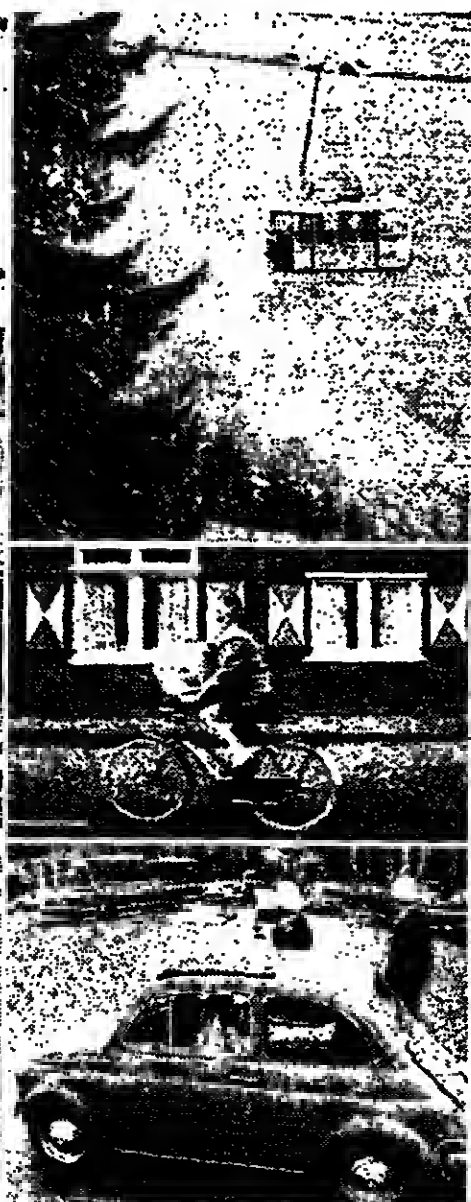
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Save with a shorbie. In most countries there's no three-minute minimum on self-dialed calls. So if your hotel offers International Dialing from your room, place a short call home and have them call you back. And you pay for the callback from the States

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Save these other ways. Telephone Company Calling Card and collect calls may be placed in many countries. And where they are, the hotel surcharges on such calls are usually low. Or, you can avoid surcharges altogether by calling from the post office or from other telephone centers.

Save nights & weekends. Always check to see whether the country you're in has lower rates at night and on weekends. Usually the savings are considerable. Now you'll get more mileage for your money.



هکرامن القوم

BUSINESS BRIEFS

Marathon Oil Finds Gas in Syria

FINDLAY, Ohio — Marathon Oil said Tuesday it had found natural gas and condensate on the Homs block, about 100 miles (160 kilometers) northeast of Damascus, in Syria.

The company said one well tested with a flow of 15.2 million cubic feet of natural gas and 108 barrels of condensate through a 4-inch choke.

A test higher up in the well failed to show hydrocarbons, it said. The well was drilled to a total depth of 10,212 feet (3,100 meters). Marathon is the sole interest in the block.

Opel Foreign, Domestic Sales Up

RUSSELSHEIM, West Germany — Opel said Tuesday that car exports rose 29.5 percent in first half 1982 from the same period in 1981 to 280,622, while domestic sales advanced 5.6 percent to 235,319.

Opel raised its market share in West Germany to 18.8 percent from 16.3 percent, as new car registrations in the country fell by about 6 percent.

Mego Gets Loan From GE Credit

NEW YORK — Mego International, which is currently operating under Chapter 11 protection from its creditors, said Tuesday that General Electric Credit Corp. had agreed in principle to grant Mego an \$8 million revolving credit to fund operations until March 1, 1983.

The company said that as part of the agreement it would issue warrants to GE Credit. Together with warrants already held, GE Credit would have the ability to purchase about 7.5 percent of Mego stock at 50 cents a share, Mego said.

Mego said the interest on the loan would be 3/4 points over the prime rate.

Deutsche Bank Partial Profit Up

FRANKFURT — Deutsche Bank reported Tuesday that its partial profit in the first half of 1982 rose to 902.3 million Deutsche marks (\$370 million). By comparison, the bank said that half of last year's overall profit was 772.9 million DM.

It added that overall operating profit rose 19.7 percent, but no figures were given. Partial profit includes provisions for pensions but excludes results from trading for the bank's own account.

Deutsche Bank said it is optimistic it will be able to report satisfactory results for all of 1982, despite an increase in provisions for risk in its credit business.

Compiled From Agency Dispatches

Lloyd's of London Facing Big Changes

New York Times Service

LONDON — In the cavernous underwriting room at Lloyd's of London, called simply "the Room," lost ships are still inscribed in a large ledger with a quill pen, and the underwriters are still all men.

But in other ways at this insurance market, where rich and daring underwriters have risked their fortunes for 300 years, things are changing.

Indeed, Lloyd's of London is overhauling both its facade and its organizational foundations. By the mid-1980s, it will have moved out just into a sleek glass and stainless steel building designed by Richard Rogers, architect of the Pompidou Center in Paris, but also into a completely new constitutional era.

The instrument of change is a recently passed law that will force Lloyd's brokers to divest themselves of their most important underwriting responsibilities by 1987. As a concession, however, the bill will allow the insurance society to act on its own in revising century-old self-regulation procedures.

According to Parliament's thinking, a conflict of interest exists when a broker, who represents clients seeking insurance, also owns the underwriting managing agent, whose principal obligation is to investors risking capital. Thus, 114 underwriting managing agents, worth an estimated £100 million (\$175 million), will have to be sold in the next five years.

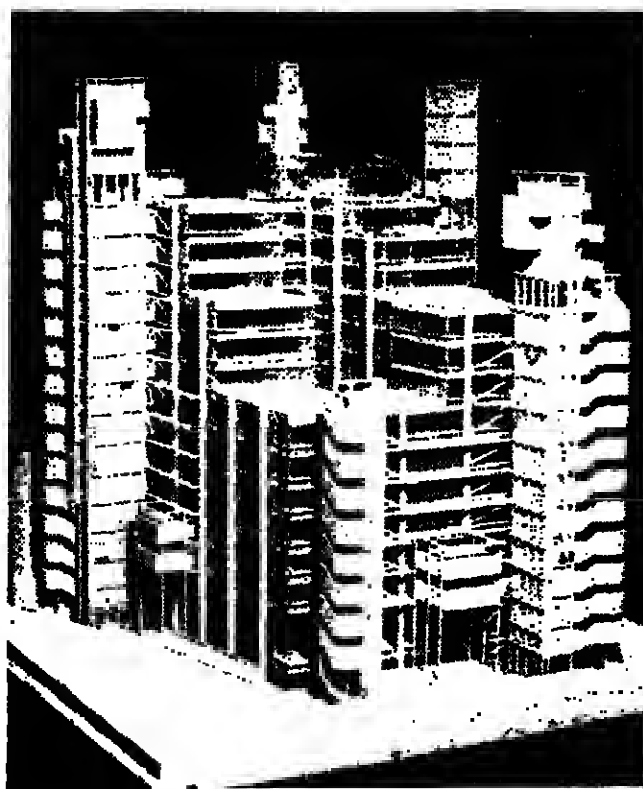
"I don't think there's a Lloyd's broker — nor a major underwriting agent — who believes that divestment per se is a good thing," said David Palmer, chairman of Willis Faber, a Lloyd's brokerage firm that also owns a managing agent. "Divestment amounts to swimming against the tide where insurers, reinsurers and brokers are increasingly coming under common or interlocking ownership around the world."

That is just one of several reasons why Lloyd's members oppose divestment. Colin Murray, an active underwriter in R.J. Kohn & Co., worries that it will weaken the position of Lloyd's underwriters. He said that Lloyd's brokers who retain interests in underwriters outside Lloyd's will be more inclined to take their business to the outsiders.

Frank Holland, chairman of C.E. Heath & Co., said that divestment will hurt Lloyd's role as the prime market place for brokers. "Future generations will come to regard Lloyd's as only another, not the prime marketplace," he said.

Many are distressed, too, about forced sales at what they fear will be artificially low prices.

At the same time, some prominent Lloyd's members, including Sir



Model of new building for Lloyd's of London, designed by Richard Rogers, architect of the Pompidou Center in Paris.

Peter Green, the chairman, argue that the act will increase the freedom of Lloyd's underwriting managing agents. And some analysts believe that the effects of the legislation have been overstated by the opponents of divestment.

"I can't perceive that the act will have an adverse impact on Lloyd's underwriting competitiveness," said Philip Olsen, a partner at Kitchin & Aitken. "Brokers, as ever, will tend to use the cheapest market."

Nor does Mr. Olsen believe that the new Lloyd's will be any less attractive to wealthy investors, who are principally drawn to the soci-

(Continued on Page 9, Col. 2)

Anheuser-Busch, Campbell Taggart In Merger Talks

Reuters

ST. LOUIS — Anheuser-Busch, the largest brewer in the United States, and Campbell Taggart, a large wholesale baking company, are engaged in preliminary merger discussions, Busch said Tuesday.

The company said no agreement had been reached, and no financial details were disclosed. A spokeswoman for Campbell Taggart said the talks were started at the request of Anheuser-Busch, which is believed to be interested in expanding its snack food business.

The bulk of Busch's business comes from beer, but it also owns the Eagle Snack Foods operation.

Analysts said that the acquisition of Campbell Taggart by Anheuser-Busch could involve more than \$600 million.

Worldwide Operations

Campbell Taggart had sales last year of \$1.7 billion. It has 63 plants in the United States and also operates in Spain, France and Brazil.

Anheuser-Busch, the makers of Budweiser, Michelob and Busch beers and operators of a number of theme parks in the United States, had earnings of \$4.79 a share in 1981 on sales of \$4.4 billion.

Last week, Anheuser-Busch reported second quarter earnings of \$1.59 a share, up from \$1.34 in the

second quarter of 1981, on sales of \$1.17 billion, compared with \$995.8 million.

Analysts speculated the Busch may offer about \$40 a share for Campbell Taggart, which would make the transaction worth more than \$600 million.

Campbell Taggart's stock, which posted a 1982 high Monday of \$30.875, was halted in trading on the New York Stock Exchange. Campbell Taggart has about 16 million shares outstanding.

Busch, after a delayed opening Tuesday, dropped more than \$3 a share to \$51.25, ex-dividend.

"The snack area is where Anheuser is trying to penetrate," said James Benson, an analyst for St. Louis-based firm of Stifel Nicolaus & Co.

Mr. Benson and other analysts believe Busch may be interested in Campbell Taggart for its distribution channels.

"In the past Anheuser-Busch has shown a desire to get in the food business, either snacks or other types of products, but they do not have a distribution system to effectively distribute those products into grocery stores," Mr. Benson said.

He noted that Campbell Taggart sells bread in grocery stores and has a distribution operation in place.

Jessica Gallia, an analyst for Rauscher Pierce & Refines in Dallas, said she expects Campbell Taggart to earn \$2.85 a share this year, up from \$2.50 a share last year.

Mr. Benson said, "It is possible Anheuser-Busch will earn at least \$5.50 in 1982." The estimate does not include the impact of Campbell Taggart, should the merger be completed.

Ms. Gallia said fear of a hostile takeover may be a motive for Campbell Taggart to go ahead with talks with Busch. She said such well-managed companies as Campbell Taggart recently have been the target of unfriendly takeovers.

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WEEKLY NOTIFICATION COMPREND II A MANAGED COMMODITY ACCOUNT.

EQUITY ON:
JANUARY 1, 1982
\$100,000.00
JULY 29, 1982
\$82,315.95

after all charges
EQUITY ON:
JANUARY 1, 1981
\$100,000.00
DECEMBER 31, 1981
\$237,214.03
1981 Performance +137%
OVER \$4,000,000.00
UNDER MANAGEMENT.

For information call or write Royall Frazier or Ian Somerville, TAPMAN: Trend Analysis and Portfolio Management, Inc., Wall Street Plaza, New York, New York 10005, (212) 269-1041. TELEX BHM667173 UW. TAPMAN is a wholly owned subsidiary of Balfour, MacLellan International LTD.

TAPMAN

U.K. Survey Finds Fall in Confidence

LONDON — Business confidence has slumped dramatically as Britain drifts deeper into recession and manufacturing output declines, the nation's employers reported Tuesday.

The Confederation of British Industry, in its latest quarterly survey of 1,657 manufacturing firms, said nine out of 10 companies are short of orders and nearly half of them plan new layoffs in coming months.

Britain already has a record 3.19 million unemployed workers, which is 12.4 percent of the labor force. A million of them have been jobless for a year or more.

Thirty percent of the companies surveyed by the industrialists said they were less optimistic than they had been four months ago, while only 8 percent said they thought things were improving.

Prime Minister Margaret Thatcher and her aides have been saying for months that the recession has "bottomed out." Workers, which is 12.4 percent of the labor force. A million of them have been jobless for a year or more.

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Three-quarters of the companies surveyed are working below full

capacity, 55 percent have cut jobs in the last quarter and 47 percent plan to make new layoffs in the next four months, the report said. The percentage of British firms working below capacity has been higher only twice in the history of the survey — in early 1976 and in the early 1950s, the business group said.

The firms said they plan little new investment. The confederation reported that 78 percent of the companies said they have less than four months' work in hand and that most of them are reducing inventories as orders shrink.

"Nearly one-third of firms surveyed said they planned to invest less in the next year in factories and machinery, while 21 percent expected to spend more."

There were two bright spots. First, per-capita output was reported up, with more production by fewer employees. Second, cost pressures were easing as the inflation rate falls. Britain's annual inflation rate declined to a 3 1/2-year low of 9.2 percent in June.

The business leaders will meet Sir Geoffrey Howe, the chancellor of the Exchequer, on Thursday to press him to aid industry.

Interviewed Tuesday on BBC



Sir Geoffrey Howe

television, Sir Geoffrey said Britain's problems had to be viewed in the light of "a very substantial world recession."

"Our position today is better than it was 15 months ago," he said. "But it's been flat and slow and patchy in recent months. We've got to go on, therefore, improving our competitiveness in every way we know how."

He said Britain's only course was to become more competitive by keeping costs and pay settlements down and improving productivity. "We have to go on beating better in a world economy," he said.

NYSE Prices Decline in Profit-Taking

Compiled by Our Staff From Dispatches

NEW YORK — Monday's rally ran out of steam by mid-afternoon Tuesday and stock prices closed lower, under pressure from selling in the energy and technology sectors.

The Dow Jones industrial average, which gained 13.51 points Monday, rose another five points Tuesday morning before changing direction and finishing down 5.71 at 816.40. Declines edged advances by about 770 to 720, and volume swelled to 60.5 million shares from 53.5 million Monday.

Analysts said the behavior of the credit markets was again a key to the stock market, just as it was Monday.

A bond market rally sparked the sharp gains in stocks Monday and weakness in bonds caused stock prices to lose ground Tuesday, according to Larry Wachtel of Bache Group.

"There is a growing sense that there will be some resistance to further interest rate declines," Mr. Wachtel said.

The bond market weakened after the Federal Reserve unexpectedly raised its discount rate from the banking system Tuesday afternoon. Some bond dealers said the move could represent a rate protest by the central bank. All major banks dropped their prime rate to 15 percent Monday and the federal funds rate fell as low as 10 1/2 percent Tuesday from Monday's close of 11 percent.

On Monday, the Treasury's weekly auction Monday of three- and six-month bills produced the lowest average yields in two years.

Monday's average rate on the three-month bill was 9.633 percent, down from 10.539 percent at last week's auction and the lowest since the auction of Aug. 18, 1980, when it was 9.411 percent. The average yield on the companion six-month bill was 10.671 percent, down from 11.378 last week and the lowest since Sept. 8, 1980, when it was 10.234 percent.

Analysts said investors also remain concerned about the outlook for the economy and corporate profits.

Several economists said corporate profit growth is not expected until an economic recovery is in full swing, possibly not until sometime next year.

The two weakest groups in the market were technology and oil stocks. The decline in the technology sector was sparked by a selloff in home computer makers, which started Monday after Texas Instruments announced it would offer a

U.S. Aides Optimistic on Steel Pact

By Michael Gelb

Reuters

WASHINGTON — American officials said Tuesday that they are increasingly optimistic over prospects of a deal to limit European steel exports to the United States.

"They (the negotiators) are fairly close to an agreement," a senior U.S. trade official said. And a Commerce Department aide said the outlook "is more optimistic than it has been."

The expressions of hope were voiced as a European Economic Community delegation arrived in Washington for two days of talks aimed at ending the trade dispute that has grown out of American steel industry's charges of unfair trade practices by seven community members.

In meetings last weekend in Brussels, the community offered to limit exports to 5.8 percent of the U.S. market for the next three years. The level in 1981 was 6.4 percent.

U.S. negotiators have been pushing for a slightly lower ceiling but the difference in positions does not appear to pose a major obstacle to reaching an agreement.

Limiting steel imports to a percentage of the U.S. market, rather than to a fixed quantity of steel, is

considered preferable by the Europeans because it would enable them to increase their exports if an American economic recovery led to increased demand.

Talks have so far foundered on the question of what products should be covered by an accord.

The EEC has sought to limit the agreement to carbon steel products, which the Commerce Department says have been illegally subsidized.

The Americans want to include seamless pipe and tube products, which account for about one-quarter of European exports to the United States.

More Flexibility

American sources say the community is showing more flexibility now with the approach of an Aug. 24 deadline for the imposition of U.S. penalty duties on subsidized products.

A Commerce Department ruling on complaints of dumping is also due on Aug. 9.

Community negotiators are also hampered by the fact that any agreement reached must be acceptable to the U.S. steel industry.

Penalty duties that would probably be imposed if no agreement were reached would make European steel products more expensive in the United States.

In West German government, meanwhile, denied a U.S. allegation Tuesday that aid to its coking coal producers amounted to a subsidy for the steel industry.

The U.S. Commerce Department said Monday night that it was preparing to increase its estimate of how much the government subsidizes West Germany's steel industry. The American agency said such a revision was necessary because it had omitted aid to the coal industry in its initial calculations.

But a spokesman for the West German Economics Ministry said in Bonn on Tuesday that the aid was not designed to subsidize the steel industry. It was meant, he said, to help the domestic coal industry, which is faced with high production costs.

A spokesman for the West German Iron and Steel Industry Association said if the United States decided that aid to the coal industry constituted a subsidy to German steel, import levies could rise 1.76 percent above the current average assessment of about 1.2 percent.

The association said the West German steel industry received no benefit from coal aid because, in spite of the subsidy, coal prices are higher in Germany than they are on the world market.

Fears Send Cities Service Stock Into Nosedive

NEW YORK — Fears that Gulf Oil's \$5.1 billion acquisition of Cities Service will not go through has driven down the price of Cities Service stock and threatened stock arbitrageurs with huge losses.

Cities Service shares opened on the bull Monday at \$44, or \$10.125 below its level on the New York Stock Exchange last Tuesday, the last day it had traded.

On Tuesday, bargain-hunting pushed it back up \$3 a share to close at \$46.50.

The drop-off in the price of the shares Monday was widely attributed to arbitrageurs by members of the investment community. Most small investors and institutions had already tendered their shares

to Gulf, according to these specialists.

"It's so much in the hands of the arbitrage people that logic isn't even involved at this point," said William Craig, an oil analyst for E.F. Hutton. An arbitrageur's intention is to buy stocks in one market, and sell them at a profit in another.

Behind the arbitrageurs' transactions was clearly a general worry that Gulf might withdraw its offer, in light of antitrust action by the Federal Trade Commission that could block or modify the merger, a concern that changes in federal tax legislation could increase Gulf's cost by some \$250 million, and fears that oil prices could move lower.

Last week the FTC won a temporary restraining order against the merger on grounds that it would cause market concentrations in certain gasoline and aviation fuel markets, among other things. Gulf responded by extending its offer until midnight next Monday and vowing to "vigorously" press its defense, as well as hold the door open to a negotiated settlement.

"A Steel"

"The arbitrage community has never been so frightened in its life," said an official of a major Wall Street firm dealing primarily with institutions. He said he thought the merger would continue, and that Cities Service shares were "a steal" at \$44 each.

Gulf had offered to buy up to 41.5 million shares of Cities Service common for \$63 each, which would give Gulf 54 percent of Cities Service.

Financial analysts said the opening price of Cities Service was in line with general expectations of a price between \$40 and \$45. Floor sources most of Monday were quoting prices between \$40 and \$48.

An arbitrageur for a well-known securities firm said that what was needed to firm up Cities Service shares was a clear statement by Gulf that it intended to proceed.

Mexico's Alfa to Seek Interest Payment Delay

NEW YORK — Grupo Industrial Alfa, the financially troubled Mexican conglomerate, will ask its lenders Wednesday for a six-month suspension of interest on its \$2.5-billion debt, its financial adviser said Tuesday.

Alfa, the largest publicly held corporation in Latin America, with interests in steel, chemicals, paper, resorts and food processing, suspended payments on the debt's principal on April 30.

A spokesman for the investment firm of Lehman Brothers Kuhn Loeb Inc. said Alfa's proposal would be spelled out to representatives of the company's 134 major foreign creditors at Lehman Brothers' Wall Street headquarters. Lehman Brothers is acting as adviser to Alfa and its creditors.

The spokesman, who asked not to be quoted by name, said he could offer no specifics beyond confirming that the banks would be asked to defer interest payments on the debt for six months.

He said the proposal was "rather specific" and very complicated, owing to the "extraordi-

nary complexity" of Alfa, which consists of scores of separate units with a variety of debts.

The company is largely owned by the Garza Sada, one of Monterrey's oldest and biggest families.

Given legal status by the Mexican government as a "industrial development corporation" in 1978, Alfa was required to grow annually at a rate 20 percent greater than the Mexican economy, offer stock to the public, borrow most of its money outside the country and invest in basic industries and promote exports.

While new oil discoveries financed Mexico's 8 percent annual growth, Alfa grew at 30 percent to 35 percent a year and its capital quintupled to \$2 billion from 1976 to 1981.

But that growth ended with the worldwide oil glut and Alfa began a retrenchment, which included the firing of 2,500 middle managers, as it reeled from high interest rates, double-digit inflation and over-extended investments. It has attempted to sell some subsidiaries to help reduce its cash shortage.

CURRENCY RATES

Interbank exchange rates for Aug. 3, including bank service charges.

	\$	£	D.M.	F.F.	Y.	S.F.	S.P.	D.M.
American Express	2.885	4.38	116.44	30.9	5.78	2.31	2.18	
Bank of America	4.45	11.375	10.14	4.645	5.711	17.35	22.2	5.99
Bank of Montreal	2.427	4.39	33.95	1.269	9.09	4.24	17.75	26.75
Bank of New York	1.753	1.267	11.472	2.865	4.77	8.49	3.635	14.95
Bank of Paris	1.2949	2.3655	20.02	20.20	25.31	49.12	14.24	
Bank of Spain	1.295	1.295	4.692	0.149	0.773	0.279	0.07	0.1181
Bank of Tokyo	4.734	11.854	37.33	4.985	32.09	14.725	37.45	88.09
Bank of Zurich	2.07	3.277	8.495	30.95	0.102	7.406	4.694	24.46
Bank of London	0.9778	0.9599	2.39	4.547	12.124	2.853	45.066	8.817
Bank of Rome	1.0936	0.8446	2.693	7.497	14.573	3.24	33.444	2.554

(a) Commercial franc. (b) Amounts needed to buy one pound. (c) Units of 100. (d) Units of 1,000.

A Consortium of Middle Eastern Institutional Investors has acquired

70,875,000 Common Shares.

representing 37.5% of all shares outstanding of

PANIN HOLDINGS LIMITED

(Incorporated in Hong Kong)

The undersigned initiated and structured this transaction and acted as investment advisor to the Consortium.

ARAB INTERNATIONAL FINANCE LIMITED

Arinfi

Our

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Stockman Cautious On U.S. Economy

WASHINGTON — Budget Director David Stockman, sounding less optimistic than the forecast he was defending, told Congress Tuesday that the U.S. economy is "moving from recession to recovery" and predicted continued declines in interest rates in the weeks ahead.

Testifying before the Senate Budget Committee, Mr. Stockman also noted that the administration estimates that the 1983 federal budget deficit will be \$115 billion, far lower than the \$200 billion forecast by the Congressional Budget Office and even some of President Reagan's aides.

The budget director also urged Congress to complete work on a package of pending bills to raise taxes by \$99 billion and cut spending by about \$25 billion over three years. His passage is an "essential first step" to holding down the deficit, he said.

Mr. Stockman's testimony came four days after the Reagan administration issued an economic report containing optimistic predictions that many administration officials

said privately they did not fully accept.

Mr. Stockman's comments Tuesday seemed tempered as well in view of the fact that the official forecast predicts a "significant economic recovery" beginning later this year.

"Business conditions have clearly bottomed out and there are numerous signs of improvement that suggest the economy has entered a turning zone, moving from recession to recovery," he said.

Later in his testimony, however, he said the economy is displaying "the early signs of improvement" that could lead to recovery.

On the topic of interest rates, Mr. Stockman noted that the prime rate and the rate for three-month Treasury bills have been declining recently. "Further prime rate reductions are expected during the weeks ahead," he said.

Mr. Stockman added that if these declines continue "they would become a key factor in the recovery picture during the second half of 1982."



David Stockman

Despite the optimism of the official report, however, several analysts, including those at the non-partisan Congressional Budget Office, say a recovery of the strength Mr. Reagan is predicting is far from certain. The congressional agency also says the deficit will probably be much larger than the \$115 billion the administration is predicting. It estimates that the deficit is likely to be between \$141 billion and \$151 billion for the fiscal year beginning Oct. 1.

Cash-Rich Hong Kong Firms Cast Eye on U.S.

By Pamela G. Hollie
New York Times Service

HONG KONG — The current issue of a Hong Kong business magazine features a cartoon of a cash-laden covered wagon bearing the inscription "Texas or bust" and carrying two Hong Kong "pioneers," one wearing a suit and carrying an abacus.

Atop a hill sits a pouting Ronald Reagan with an undersized bow and arrow.

"What do you think, old boy," one Hong Kong "pioneer" asks the other as they speed toward a Texas oil-land purchase and a smiling gun-toting rancher. "Will the natives be friendly?"

Hong Kong's investors certainly hope so because the United States is rapidly becoming their new investment frontier. In the recent property boom in Hong Kong, dozens of individuals and companies won heavily in speculation, and now, with plenty of cash, they are looking for new opportunities.

"The trend has been to look for investments overseas, particularly property in the United States," said David Li, chief executive of the Bank of East Asia.

There are still investment opportunities in Hong Kong, where the

economy is growing at 8 percent this year, down from 10 percent in 1981. But the property market has become sluggish — land is limited and still expensive, despite a 30 percent drop in prices from the peak in 1979.

Bargain Land

In any case, by Hong Kong standards U.S. real estate is a bargain, and provides a higher yield on rent than property in Hong Kong. Investments in the United States also seem less risky because Hong Kong's future is uncertain. In 1997, Britain's lease on the Chinese territories expires.

Analysis of recent figures from the U.S. Commerce Department shows that in the last two years, five times as much new capital has moved from Hong Kong to the United States as has gone the other way. At least \$1 billion has been invested in property, office buildings and residential structures and perhaps another \$500 million

in U.S. companies, almost always those with land assets or financial interests in land.

Following the much-publicized purchase of control of the Marine Midland Bank in 1980 by Hong Kong & Shanghai Banking Corp. for \$230 million, Hong Kong business interests made additional investments of \$150 million that year and in 1981, according to the U.S. Bureau of Economic Analysis.

Hong Kong investment, however, may be considerably higher than reported. Business secrecy is legendary here. And it is not uncommon for entrepreneurs to make investments through relatives who are U.S. citizens, thereby circumventing U.S. law requiring foreigners to report acquisitions of 10 percent or more of a U.S. company's stock.

Such regulations make Hong Kong investors nervous. Hong Kong has no antitrust rules and does not require its companies to

disclose the source of their funds or their ownership.

So, Hong Kong businessmen carefully noted the difficulties of Deanlake Investments after it announced the purchase of 15.9 percent of Allright Auto Parks' last year. Deanlake is 44-percent owned by Hang Lung Development, a large Hong Kong land developer that is controlled by Thomas Chen, who owns 41 percent of Deanlake through another company.

Mr. Chen reportedly was after Allright's real estate, particularly its commercial property in Los Angeles. When Deanlake announced that it intended to buy up to 51 percent of Allright, the management sued Deanlake because it had failed to disclose its ownership or intentions. Last May, Deanlake made a \$101.6 million offer for the entire company and the suit was dropped.

Thus far, Hong Kong companies

have proceeded cautiously in their investments in the United States. In May, Li Ka-shing, a real estate leader in Hong Kong and chairman of Cheung Kong, acquired 9.5 percent of Kaiser Cement. And Kuo Holdings is keeping its holdings of Pillingham Corp., a Honolulu land developer, at 9 percent.

Because Hong Kong entrepreneurs generally prefer anonymity, who buys what and what is difficult to determine. But several Hong Kong companies have recently been more forthcoming. Hong Kong Land, for example, has said that it intended to look for investments in the United States. And Cheung Kong Holdings recently announced that all of its \$22.7 million of overseas investments were in the United States. The Carian Group, which has a \$9 million investment in an 810-acre site in Orlando, Fla., has reported that it is building the \$250 million Trans Pacific Center in Oakland, Calif.

Texas Instruments Plans Rebates

DALLAS — Texas Instruments says it will offer a rebate on its home computer, a move analysts called bold and aggressive as makers of the computer vie for market share in the burgeoning industry.

Texas Instruments said Monday it will offer a \$100 rebate to customers buying its 99-4A home computer, which is generally now sold for \$299.

The program begins Sept. 1 and continues through next Jan. 31.

"It is a very bold move and could translate into TI emerging as the top dog in the market," said Michael Krasko, a computer industry analyst with Merrill Lynch, Pierce, Fenner & Smith.

Don Sinsbaugh, an analyst with Bache Halsey Smart Shields, said the rebate plan "is the most aggressive move anyone has made in the market so far."

The new price puts the TI model

below its competitors and comes as the crucial Christmas marketing season nears.

Other leaders in the market include Commodore International, Tandy and Atari, a unit of Warner Communications.

Atari's model 400 now sells for about \$270 retail, while Commodore's VIC-20 is priced at about \$240 and Tandy's TRS-80 computer goes for about \$400.

Tandy, however, recently announced plans to sell its computers outside its Radio Shack division network and through independent distributors and retailers. That move was expected to give Tandy more room on shelf space that to date has been dominated by its competitors.

Texas Instruments spokesman Norman Neureiter said the rebate is designed to make the 99-4A "attractive to the largest possible number of consumers."

Industry analysts expect sales of home computers, machines generally costing \$500 or less, to reach nearly \$500 million this year and perhaps up to \$1.5 billion in 1983.

IBM Doubles Memory

BOCA RATON, Fla. (Reuters) — International Business Machines said Tuesday it had doubled the memory capacity of its personal computer through a piece of optional equipment that plugs into the system. Up to two of these options may be installed.

Also now available for the personal computer is a prototype card, for building and testing custom attachments, and a new entertainment program, "Decathlon." The memory expansion option is available for \$475, the memory module kit for \$200, the prototype card for \$45 and "Decathlon" for \$35.

3 New Issues Put Strain on Euromarket

Compiled by Our Staff From Dispatches

LONDON — Three new Euro-bond issues Tuesday, totaling \$400 million, proved to be almost too much for the market as a three-day advance in prices stalled.

Dealers said that fixed-interest dollar-denominated bonds were about 14 point higher at the opening but that after the new issues were announced, trading activity picked up and most prices eased to finish the day unchanged. The total amount of bonds issued this week rose to \$760 million.

Two of the issues, by the overseas subsidiaries of Du Pont and Xerox, continued the trend of offering warrants as an enticement to buyers.

Du Pont Overseas Capital issued a \$200-million, seven-year Eurobond. The bonds, lead managed by Morgan Guaranty, Morgan Stanley International and Credit Suisse First Boston, carry a 14 1/4 percent coupon and are priced at par.

The notes have warrants to purchase Dupont Overseas 13 1/4 percent noncallable bonds of 1989. The warrants, which expire in 1986, are being sold at \$38 each.

Xerox's issue of \$100 million of five-year bonds, priced at par and bearing a coupon of 14 percent, was lead managed by Goldman Sachs International. A total of 100,000 warrants are being issued separately in \$1,000 denominations, priced at \$30. Each entitles the holder to buy a 13 1/4 percent, five-year bond at par over a period of three years.

Spery Corp.'s overseas finance subsidiary issued a \$100 million Eurobond, led by Blyth Eastman Paine Webber International. The seven-year issue, priced at par to yield 15 percent, is callable after four years at 10 1/4 percent, declining to par by 1/4 of a percentage point a year thereafter.

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Delors Rejects Franc Devaluation

PARIS — French Finance Minister Jacques Delors said Tuesday there would not be another devaluation of the French franc this year.

Speaking on French radio, he said companies had respected the price freeze, introduced as an accompanying measure to the June 12 devaluation of the franc, with more discipline than usual. He said only about 5 percent of all companies were not respecting the freeze.

Taiwan to Loosen Investment Rules

TAIPEI — Taiwan's Finance Ministry has completed a plan under which the local stock market would be indirectly opened to foreign investors for five years and then probably directly opened, a ministry official said Tuesday.

To avoid the possibility of price fluctuations resulting from speculation by foreign investors, the ministry will set up a securities trust investment management fund, controlled by an international trust investment company, the official said.

Foreign underwriting companies will be entrusted to issue beneficial certificates that foreigners can buy to invest in the Taiwan market, he said. Interest will be paid on an annual basis, he added.

Kawasaki Gets Ship Orders

TOKYO — Kawasaki Heavy Industries said Tuesday it had received orders to build three 20,000-ton bulk carriers worth a total of 10 billion yen (\$40 million) from three Panamanian shipping companies.

U.S. Study Finds Foreigners Trim Investment Pace

NEW YORK — Sluggish world economic conditions helped reduce the number of investments in U.S. manufacturing facilities by foreign companies to 136 in the first six months of 1982, the lowest total since 119 in the first half of 1977, the Commerce Board said Tuesday.

There were 172 such investments in the first half of 1981. Acquisitions of existing U.S. facilities accounted for 57 percent of foreign manufacturing investments in the first six months of 1982, up from an average of less than 50 percent in the previous three years, it said.

British companies led the list of foreign investors in the United States with 31 investments, followed by West Germany with 23, Japan with 20, Canada with 17, and France with 11.

"Foreign firms are coping with the same stagnant economic conditions and high interest rates that are stifling investments by U.S. companies," said David Buzar, manager of the Conference Board's investment data department.

Lloyd's of London Facing Big Changes

(Continued from Page 7)

ty by advantages under tax laws. Establishing guidelines for the future will be one of the first priorities of the Lloyd's Council, the governing body created by the legislation. For the first time, the council will include external members and nonmembers in the formal governing body.

Discipline will be another priority for the council. Until now, members of Lloyd's could be expelled only by a general meeting of members. This provision was fashioned in the 19th century when Lloyd's had only 700 members. Now there are 30,000 members, each with minimum assets of \$200,000 and all operating in an increasingly competitive and complex insurance market, where informal procedures no longer suffice.

In part, the tighter controls were demanded by Lloyd's members following a series of money-losing incidents. One of the worst cases occurred in 1976 when an underwriting agent accepted a substantial volume of substantial fire business in Bronx borough of New

York on behalf of a syndicate. The resulting claims initially cost syndicate members almost \$40 million.

Under the new act, Lloyd's of London may no longer be a place where deals can be sealed with an informal handshake and where policies are taken out of such things as Marlene Dietrich's legs and Jimmy Durante's nose. But Lloyd's still plans to break new ground in territory such as computer crime and satellites.

Harvester's Debt Plan Faces Tough Scrutiny

CHICAGO — International Harvester Co.'s latest proposal to lighten the burden of its \$4.2 billion debt faces tough going and is likely to undergo significant changes before it meets the approval of the company's 200 creditors, analysts say.

The financially struggling farm implement and truck manufacturer, which expects to lose close to \$1 billion this year, last week announced a plan to streamline its manufacturing operations and amend its debt restructuring agreement for a third time.

In addition, the company Tuesday announced the layoff of about 1,300 white-collar workers, a move that is expected to save \$50 million a year.

The operational changes, which include plant closings and consolidation of manufacturing operations, generally have been well received, analysts said. But the debt plan presents risks that creditors may be unwilling to take in light of the company's precarious financial situation.

"My reaction was somewhat skeptical," said George Dahlman, analyst with Piper, Jeffrey & Hopwood, Inc., in Minneapolis. "I really doubt that the banks will accept these changes in their present form."

The key points of the new debt proposal are a suspension of cash interest payments on \$1.6 billion in debt until December 1983, with creditors asked to accept Harvester stock in lieu of cash payments, and conversion of \$400 million in debt into equity.

The risk, analysts say, is that creditors might be left holding an empty bag if they accept equity in place of cash payments and the company subsequently is reorganized or liquidated under federal bankruptcy laws.

Mr. Anderson noted that in the event of bankruptcy, up to 30 per-

cent of Harvester's assets could be claimed to pay pension benefits. Further, a forced reorganization could result in substantial charges against equity. The company's losses in the past year already have resulted in a drastic drop in shareholder equity, which is expected to shrink to between \$500 million and \$600 million by Oct. 31 from \$1.48 billion a year earlier.

DIVIDENDS EACH YEAR SINCE 1912

The Board of Directors of ENSERCH Corporation on July 22, 1982, declared a regular quarterly dividend of 40 cents per share of common stock, payable September 7, 1982, to shareholders of record August 20, 1982.

For additional information, please write to Benjamin A. Brown, Vice President, Dept. M, ENSERCH Center, Box 999, Dallas, Texas 75221.

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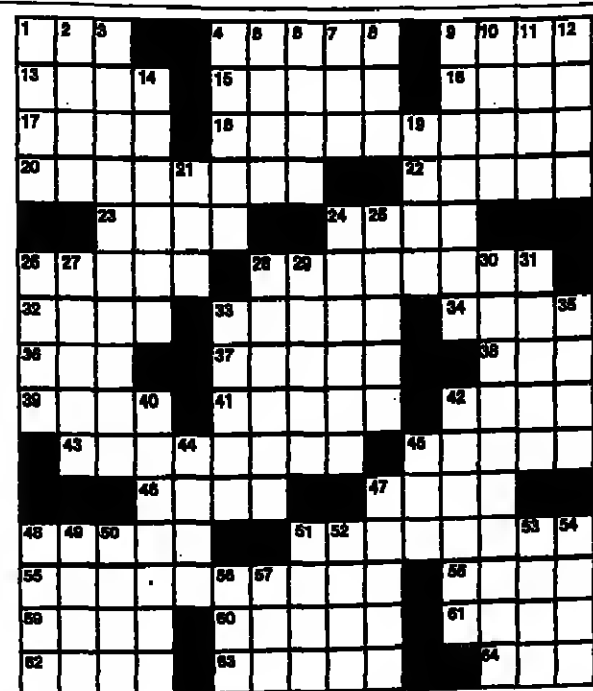
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		DEAN WITTER REYNOLDS INC.

PEANUTS



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4 Boca —, Fla.	55 Bay window	25 Baffling puzzles
9 Sagan of "Cosmos"	55 Writing paper	25 High as —
13 Hindu guide	55 Item on the hit list	26 Engrossed
15 Lodging	58 Tulsa's state: Abbr.	27 Actor Davis
16 Dramatic award	59 Put one's foot —	28 Hungarian composer: 1881-1945
17 Vivacity	60 Author Robeson	29 Ottoman ruler
18 Box is one	61 Little Miss Trent	30 Book cover
20 Conclusion	62 Locale	31 Reddish brown
22 — space	63 Pilfer	33 Groundwork
23 Part of Notre Dame	64 Bangkok man	35 Sailors
24 Tropical tree		40 Post — Woodworth Reese
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32 Man of the courts	2 Soft part of fruit	44 E. Indian herbs
33 Singers like Slepj	3 One's own creation	45 Prefix with content
34 Fat	4 Home, to some	47 Aesop fable ending
36 "— Love You," bio by Sellers' son	5 — Ben Adhem	48 Geshins' adornments
37 Headgear of old	6 Weighty volume	49 Actor Santoni
38 Evian or Vichy	7 "The — Couple"	50 "Lord, — I?"
39 Box for bucks	8 Maiden-name predecessor	51 Chimney shaft
41 Astonished gaze	9 Pilasters	52 "— perfumed sea": Poe
42 Bubbub	10 Adjoin	53 Nazimova
43 First and pocket	11 Frost	54 Indic tongue
45 Lower-class Spanish belle	12 Suggestive glance	56 Sextet in "All's Well . . ."
46 Seattle outfielder	14 Loosen a boot	57 Cicero's lang.
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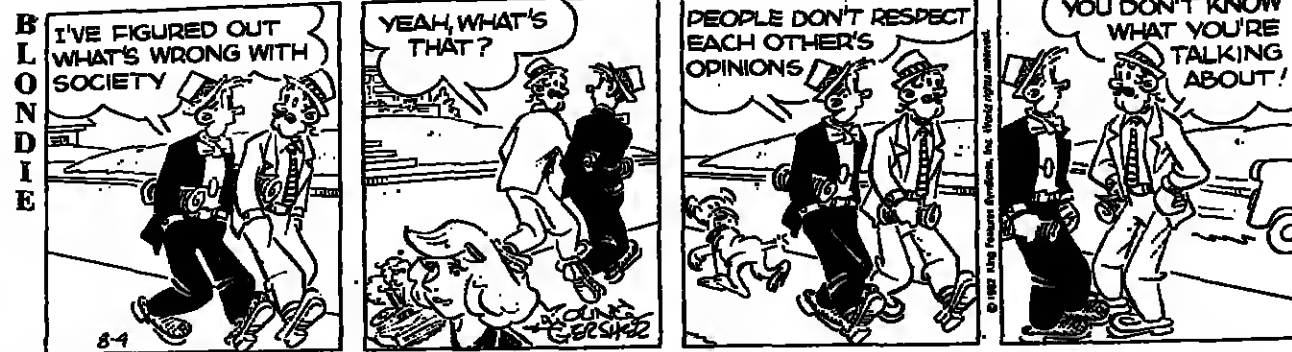
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<p>The net asset value fluctuations shown below are simplified by the fact that some funds have more than one class of shares. These funds are listed in the "Other Funds" section. The net asset value fluctuations are calculated on the basis of the net asset value of the fund as of the end of the month. The net asset value of the fund is calculated as of the end of the month. The net asset value of the fund is calculated as of the end of the month.</p>		
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(c) ITF Fund N.V.	£F 10.54	
<p>BRITANNIA (UK) Pk 271 St. Helier, Jersey</p>		
(a) Jersey Gilt Fund Ltd	£26.10	
<p>CAPITAL INTERNATIONAL</p>		
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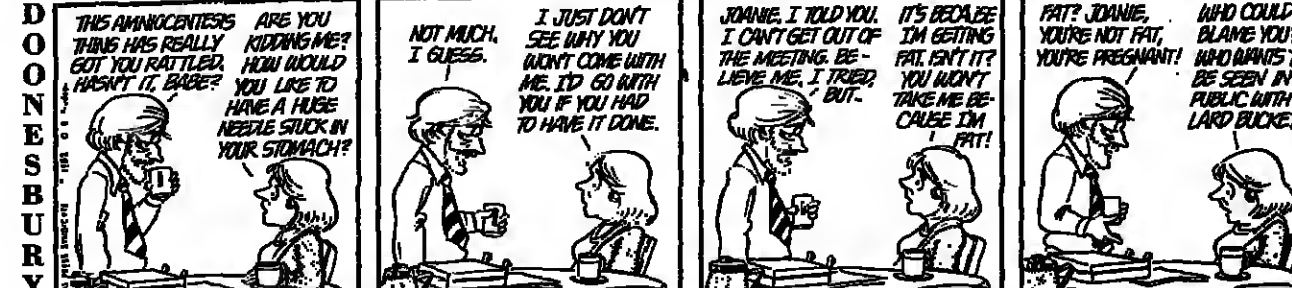


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THE CROCODILE MAN

A Case of Brain Chemistry and Violence

By André Mayer and Michael Wheeler. 204 pp. \$12.95.
Houghton Mifflin, 2 Park St., Boston, Mass. 02107.

Reviewed by
Christopher Lehmann-Haupt

IN THE evening of July 17, 1974, in southern Massachusetts, near the Rhode Island border, a young man named Charles Darwin Decker picked up two teen-age girls who were hitchhiking to an amusement park. The three of them hit it off and decided to spend some time together, drinking beer, smoking marijuana, and joyriding. Suddenly, without any warning or apparent provocation, Charles Decker attacked the girls with a stonemason's hammer, fracturing their skulls severely enough to require brain surgery. Then just as suddenly, he came to his senses, dropped the girls where they could be taken to a hospital quickly, called his father and turned himself over to the police.

The subsequent trial was not especially publicized or even dramatic. Nor do the authors of this account, André Mayer and Michael Wheeler, pretend that it was. They deal with it mainly for its implications. For Charles Decker's lawyer came up with a novel defense. He argued that his client was innocent by reason of insanity, but not for any familiar psychogenic cause. Instead he set out to prove that Charles Decker had suffered chemical damage to the most primitive parts of his brain, the limbic system, and that consequently he lacked the means to control his urge to violence.

Mayer and Wheeler have succeeded very ably at their task. They maintain enough suspense in the trial and its outcome to keep our limbic systems involved. At the same time, they use the entire episode mainly as a framework in which to explore such subjects as brain physiology, the chemistry of human behavior, theories of crime and punishment, the mind-body question and, most pertinent of all, the rationale, history and legal development of the insanity plea.

Yet all the while, the authors, who are a historian of science (Mayer) and a teacher at the New England School of Law and Massachusetts Institute of Technology (Wheeler), manage to keep whatever axes they may have to grind very deftly hidden. By the end of the study, about the only position on which they can be pinned down is the wholly reasonable one that access to our courts is not equally available to everyone, and that this is too bad. Otherwise, they are just reporting with commendable clarity the facts and their various interpretations.

Sense of Misgiving

Still, given the implications of the issue involved, every reader is bound to have a strong reaction. My own was a sense of misgiving that biochemical theories of crime are going to prove as useless and even harmful as sociological and psychogenic ones have proved.

After all, in Charles Decker's case at least, there remains a question of responsibility. Even if it were established beyond all doubt that alcohol caused a peculiarly violent reaction in Charles Decker, and the physicians who proved that Charles Decker had an unusual reaction to alcohol never did induce that violence experimentally, wouldn't he still be responsible for his drinking, especially when there had been previous incidents of this violence? Why is a particular reaction to alcohol different from any reaction to alcohol?

Then there is the question of curing biochemically criminal behavior. Assuming that rehabilitation is the only true purpose of a criminal-justice system (and this is an assumption almost

no one would be willing to grant), and we likely to be able to "cure" criminals once we determine the physical basis of it? In Charles Decker's case, knowing the approximate cause of his problem hasn't helped; his seizures of violence have continued, and the prosecuting attorney in the case has said that he expects one of these days to learn that Charles Decker has hurt somebody else. Of course, no one claimed to have found the ultimate solution to Charles Decker's problems, only promising scientific possibilities.

But suppose that a biochemical cause for his actions were absolutely determined. Would that mean that psychogenic or sociological elements were involved? And would solving the biochemical problem necessarily clear up the cause of the crime? In Charles Decker's case, there seems to me to have been a psychological cause for his outburst, just as plausible as the biochemical one. It's at least possible that the two are connected, that a psychogenic situation triggered a chemical reaction. If you "solved" the chemical problem, would that eliminate the psychogenic one? Or would the body respond by creating a new chemistry of violence?

Let me repeat that, none of these speculations pertain to any cause that the authors of "The Crocodile Man" have taken up. What they have done is to report extremely on a case that they speculate might be of greater significance than that of the most famous criminal case since the trial of David Greenglass.

Still, in response to this fascinating investigation that has done much to illuminate the mind-body relationship of science. If granting every other rampant Oedipus complex, all serious culpability comes for reasons of violence, then why should bad chemistry or toxic vapors be excused?

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BRIDGE

TERMINOLOGICAL confusion is quite common in bridge, and in one case the majority believes in the ranks of the bewildered. If you took a cross section of players at a tournament and asked them to define "forcing Stayman," there would be a high percentage of inaccurate answers.

Just a century ago the experts were divided on the following point: If a player uses Stayman, does he bids two in a major suit, is the opener allowed to pass? The players who thought the opener had to continue bidding were using forced Stayman; those holding the contrary opinion were said to use "nonforcing Stayman."

Nonforcing Stayman became the dominant style, although a few held out against it. Matters were then confused when many players adopted what was called "double-barreled Stayman" and is now described as "two-way Stayman." A two-diamond response is Stayman and insists on a game, while one club makes no such guarantee. Many of the players who use this sensible style are under the delusion that they are playing forcing Stayman.

On the diagrammed deal, reported from England by Victor Mollo, one of the world's great bridge writers, South's bidding would be appropriate whichever type of Stayman was in use. By bidding Stayman and following with two spades, he shows at least a five-card spade suit and game interest. North has three-card support and maximum values, so he is happy to raise to four spades.

After the opening heart lead South sees that he is in danger of losing a trick in each suit. He wins the first

trick with the heart ace and plays two top trumps. West is found to have a trump winner: So far, so bad.

Now some thought is needed: If South routinely finesse in clubs, his game will fail. The declarer will take a club trick and a heart trick, and will then shift to diamonds. South wins with the ace in dummy and tries to throw a diamond on dummy's clubs. But West ruffs in time to cash a diamond trick and defeat the contract.

The right plan is to reject the club finesse. If South simply plays the ace of clubs, the king of clubs and a third club, he will be safely against nearly all breaks. A club winner will be established in dummy for a diamond discard before the defense has had the chance to knock out the diamond ace and establish their potential tricks.

NORTH (D)

♠ K23	
♥ A8	
♦ A35	
♣ A7892	

WEST

♠ QJ85	
♥ KQ1092	
♦ KQ5	
♣ 109	

EAST

♠ 7	
♥ 7543	
♦ 1098764	
♣ Q87	

SOUTH

♠ A98764	
♥ 776	
♦ 32	
♣ K54	

East and West were vulnerable. The bidding:

North	East	South	West
1.N.T.	Pass	2.♠	Pass
2.♠	Pass	2.♠	Pass
4.♠	Pass	Pass	Pass

Win the heart lead.

